JPRS 76789

10 November 1980

# Latin America Report

No. 2213

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

JPRS 76789

10 November 1980

# LATIN AMERICA REPORT

No. 2213

## CONTENTS

INTER-AMERICAN AFFAIRS

Briefs

Colombian, Venezuelan Border Programs 1
Uruguayan Ambassador to Brazil 2
Salto Grande Dam 2
Colombia, Venezuela Invest in Bahamas 2
Atmospheric Research Meeting 2

ARGENTINA

Press Reaction to Nobel Peace Prize Distinction
(LA NACION, 15 Oct 80; LA PRENSA, 14 Oct 80)..... 4

Nation's Antiterrorist Tradition Stressed
Perez Esquivel's Merits Cited, by Manfred Schoenfeld

BOLIVIA

Government Attempts To Reduce Coca Production
(PRESENCIA, various dates)..... 7

President Appeals to Farmers
'PRESENCIA' Hails Initiative, Editorial
Report Cited
Price of Coca Protested

BRAZIL

President Figueiredo Interviewed Prior to Chile Visit
(Joao Figueiredo Interview; QUE PASA, 9-15 Oct 80)..... 13

Poll Shows Decline in Government Popularity
(O GLOBO, 2 Oct 80)..... 16

SECOM Contests Poll Showing Decline in Figueiredo's Popularity
(O GLOBO, 8 Oct 80)..... 18

PP: 'A Party Born With a Calling for Power'
(O GLOBO, 5 Oct 80)..... 20

Right-Wing Newsman Interviewed on Political Press
(Adirson de Barros Interview; CORREIO BRAZILIENSE, 28 Sep 80).. 26

Continuing Reportage on Trade With East Europe, USSR
(Various sources, various dates)..... 39

Exports to East Europe Up
Polish Ship Sales Promoted
Oil From USSR, Angola
Titanium Exports to USSR
Trade With East Europe

Nigeria Seeks Increased Exchange in Goods
(O ESTADO DE SAO PAULO, 26 Sep 80)..... 44

Delay in Obtaining Oil Substitute May Create Difficulties
(O ESTADO DE SAO PAULO, 5, 10 Oct 80)..... 45

Lack of Decision Observed
Alternate Energy Sources Insufficient, by David Renault

Hydroelectric Energy Given Priority by ELETROBRAS President
(O GLOBO, 30 Sep 80)..... 56

Army To Support Industry To Consolidate Military Technology
(O GLOBO, 26 Sep 80)..... 58

Candidates for 1982 Gubernatorial Elections To Be Nominated
(FOLHA DE SAO PAULO, 28 Sep 80)..... 60

CHILE

Brazilian Newspaper Interviews Pinochet
(Augusto Pinochet Interview; O GLOBO, 8 Oct 80)..... 62

Foreign Investment Risks, Benefits Discussed
(M. Eugenia de la Jara; QUE PASA, 9-15 Oct 80)..... 67

Air Force To Revitalize Antarctic Scientific Base
(EL MERCURIO, 7 Oct 80)..... 74

Document Issued in Protest of Plebiscite
(HOY, 8-14 Oct 80)..... 77

Briefs
Copper Production Rises 79

DOMINICAN REPUBLIC

Jorge Blanco Discusses PRD, Guzman, Pena Gomez
(Salvador Jorge Blanco Interview; LISTIN DIARIO, 9 Sep 80).... 80

Paulino Perez Rejects Ties [illegible]rinitarios
(LISTIN DIARIO, 9 Sep [illegible])..... 82

Military Assistance From Taiwan Reported
(LISTIN DIARIO, 12 Sep 80)..... 84

HONDURAS

Deterioration of Venezuelan Relations With Cuba Seen as Positive
(Editorial; LA PRENSA, 30 Sep 80)..... 86

Nicaraguan Regime Urged To Heed People's Wishes, Protests
(Editorial; LA PRENSA, 2 Oct 80)..... 89

Salvadoran Church's Attempts To Isolate Leftists Praised
(Editorial; LA PRENSA, 16 Sep 80)..... 92

MEXICO

PEMEX Oil Sales to Japan Discussed
(EL SOL DE MEXICO, 1 Oct 80)..... 95

Saudi Arabia Shows Interest in Deal With PEMEX
(EXCELSIOR, 4 Oct 80)..... 96

Israel Continues To Buy Mexican Oil
(EL SOL DE MEXICO, 23 Sep 80)..... 97

Budget Secretary Predicts 25-30 Percent Inflation
(EL SOL DE MEXICO, 4 Oct 80)..... 98

Minidevaluation on Peso Predicted
(EL SOL DE MEXICO, 2 Oct 80)..... 101

Admiral Calls for New Legislation on Navy
(EL DIA, 2 Oct 80)..... 102

URAMEX: Enough Uranium for CFE Needs
(EL SOL DE MEXICO, 29 Sep 80)..... 104

Campeche Bay Oil Production Predicted
(EL SOL DE MEXICO, 4 Oct 80)..... 106

Diaz Serrano Discusses Increased Oil Production
(EL DIA, 2 Oct 80)..... 107

Cadereyta Refinery Soon To Go on Line
(EL SOL DE MEXICO, 26 Sep 80)..... 108

Country To Produce, Repair Jet Engines
(EL DIA, 2 Oct 80)..... 109

Columnist Discusses Gasoline Price Rise
(Mario Ezcurdia; EL DIA, 21 Sep 80)..... 111

JLP Pledges Food Self-Sufficiency Soon
(EXCELSIOR, 22 Sep 80)..... 119

Changes in Federal District Water, Electricity Systems
(METROPOLI de EL DIA, 2 Oct 80)..... 122

New Water System for Capital
Electricity From Tilostoc Ended

Briefs
New Ambassador to Egypt 125

URUGUAY

Military Officers Comment on Political Process
(EL PAIS, various dates)..... 126

Luis V. Queirolo, by Leonidas Pirial
Boscan Hontou
Julio Cesar Rapela

Colorado Party Meets With COMASPO, Communique Issued
(EL DIA, 9, 10 Sep 80)..... 129

Party Spokesman Discusses Meeting
Report by COMASPO Chairman

COMASPO Chairman Estimates Banned Citizens at 228
(Andres Vilizzio Fello; EL DIA, 5 Sep 80)..... 133

Austrian Doctors Expelled for Meeting With Families of Detainees
(EL PAIS, 3 Sep 80)..... 136

ANCAP President Says Oil Reserves Enough for 90 Days
(EL PAIS, 26 Sep 80)..... 138

Energy Bulletin Cites Increased Consumption in July
(EL PAIS, 14 Sep 80)..... 142

Geological Institute's Gold, Uranium Prospecting Activities
(EL DIA, 12 Sep 80)..... 144

Briefs
Crude From Iraq 146
Yugoslav Mission Arrives 146

VENEZUELA

Esteban Rey Views Reagan, Cuba, Foreign Policy
(Luis Esteban Rey; EL UNIVERSAL, 17 Sep 80)..... 147

Leftist Youth Protest COPEI Policy on Universities
(TRIBUNA POPULAR, 12-18 Sep 80)..... 151

Exporters Association Analyzes Caribbean Policies
(C. R. Chavez; EL UNIVERSAL, 1 Sep 80)..... 153

## BRIEFS

COLOMBIAN, VENEZUELAN BORDER PROGRAMS--Maracaibo 16 Sep --The binational enterprise Prointegracion, formed by the Colombian and Venezuelan governments, will reactivate and intensify its programs for the development of the border zone between the two countries. The undertaking was set forth by Colombian engineer Gonzalo Gomez Hernandez, who assumed effective today the general management of Prointegracion, which has been without a head since November of last year. In his first statement to journalists, he said his main commitment and desire are the reactivation of this enterprise that the Venezuelan and Colombian governments, showing good judgement, formed in 1977 as an embodiment of prointegrationist ideals. "And within those terms of reference and philosophy," he added, "we will combine our efforts to advance the projects on which Prointegracion has been working, which are a joint aspiration of Colombia and Venezuela and which have been given form in this enterprise for the promotion of programs that will benefit our two sister nations. Based on these concepts, Prointegracion has devoted itself to defining the criteria for the attainment of its objectives and bringing to an end the further putting off of border integration plans." He indicated that work has been going forward on some projects that in his judgement warranted priority because of their higher degree of feasibility and better chances of success. "These projects, which I consider banner projects," he said, consist of a precooked maize plant; a plant for exploiting the African oil palm, which would be located in Paraguaipoa; putting to use the coking coals of Norte de Santander; and the installation of a leather industry in the border zone of Guajira. I consider that the programs I have cited must be brought to realization through intensive effort by the two countries, and that they would bring economic and social life to the border zones, to that depopulated geographic universe which merits the attention of us all." The new general manager of Prointegracion, who says he is a native of the department of Guajira--although he stresses that his ancestral origin is Korean--mentioned other projects, among which he cited the possibility of forming a transport enterprise that he considers a pressing need. Lastly, he said that what he most wants is to be useful to Colombia and Venezuela and that he hopes to achieve his aspirations in this regard through Prointegracion. [Text] [Caracas EL NACIONAL in Spanish 17 Sep 80 p D-8] 9399

URUGUAYAN AMBASSADOR TO BRAZIL--The Uruguayan Government has appointed accountant (Roberto Gonzalez Casal) new ambassador to Brazil. (Gonzalez Casal) will replace Gen Eduardo Zubia, who has resigned. [PY132000 Montevideo Radio El Espectador Network in Spanish 1600 GMT 22 Oct 80 PY]

SALTO GRANDE DAM--Uruguayan and Argentine officials today attended a ceremony to put into operation the fifth turbine of the Salto Grande Dam, which is being built by the two countries. [Montevideo Radio El Espectador Network in Spanish 1600 GMT 2 Oct 80 PY]

COLOMBIA, VENEZUELA INVEST IN BAHAMAS--San Cristobal, 15 Sep --Colombian and Venezuelan plenipotentiary missions will meet tomorrow in Bogota to initiate a negotiation for acquisition of a sugar refinery in the Bahama Islands. This was revealed here by Joaquin Perez Rodriguez, president of CENAZUCA [Sugar Refineries], who added that both missions have official government status and that after talks between themselves in the Colombian capital they will go to the Bahamas to negotiate directly with that government for the refinery. Perez Rodriguez also indicated that 200 million bolivars will be invested in the border refinery: 100 million of these will go into the Zulia plant (Colombia) and the other 100 million into the Occidente plant operating in Urena. He said 75 million bolivars are currently being invested in enlarging the Venezuelan plant and that this phase is to be concluded early in the first quarter of 1981. Perez Rodriguez indicated that this sugar cane milling and grinding plant, which now covers 2,500 hectares, is being enlarged to cover 10,000 hectares. It will become the country's largest in the months to follow. The participation of the Colombian sugar producers, especially in the Norte de Santander department (Cucuta) is certain to increase beginning next year when the enlargement of the Urena plant has been completed. [Text] [Caracas EL NACIONAL in Spanish 16 Sep 80 p D-6] 9399

ATMOSPHERIC RESEARCH MEETING--A meeting of experts from American air forces was opened in Montevideo this morning to discuss the world program for global atmospheric research. [Montevideo Radio El Espectador Network in Spanish 1600 GMT 20 Oct 80 PY]

CSO: 3010

PRESS REACTION TO NOBEL PEACE PRIZE DISTINCTION

Nation's Antiterrorist Tradition Stressed

Buenos Aires LA NACION in Spanish 15 Oct 80 p 10

[Text] This year, in accordance with the established rule, the Norwegian Parliament has granted the award bearing the name of Alfred Nobel, conferred for peace. For the second time, the distinction has been granted to a fellow countryman of ours, the sculptor Adolfo Perez Esquivel. It was previously given to Dr Carlos Saavedra Lamas who, as foreign minister, brought the war waged between Paraguay and Bolivia to its conclusion.

The decision, regarding which there have been controversial interpretations as to its obvious political connotation, is unquestionably, beyond any doubt, a satisfaction for Argentina.

Adolfo Perez Esquivel, who heads the so-called Peace and Justice Service, with headquarters in Buenos Aires and branches in other Latin American countries, has distinguished himself with a dedicated campaign on behalf of fundamental human rights. According to the Norwegian committee, it has been based exclusively on nonviolent methods. As a result, the granting of the prize is by way of encouragement of solutions to conflicts through means of that nature, as was the case when the Soviet dissident, Andrey Sakharov, was selected in 1975.

The express recognition, set forth in the whereas clauses of the resolution, of what Argentina has suffered as a result of the action of extremist terrorist organizations "which created an atmosphere of insecurity and fear, through assassinations, attacks, kidnappings and blackmail," is quite significant, because it demonstrates the features of a dirty war wherein the government and people of our country had to defend themselves from aggression and combat it with outright efficiency. In the extremes surrounding the urgent, necessary and just repression of the excesses that caused so many innocent victims, it is possible that there were mistakes and overlimitations. The latter may have prompted Perez Esquivel to make a protest, which could have been sincere, although not always correct.

In any event, the grounds invoked by the Norwegian committee contribute to the assumption that, in future awards, the prize may be granted symbolically to those who died, or who suffered physical wounds or moral damage as a result of the criminal activity of terrorists. In this way, the undeniable significance of the award would be exemplary, and would serve, in a way, as reparation for the individuals or countries that were its victims.

in our history and during the period cited by the organization making the award, there were Lt Gen Aramburu, Gens Juan Carlos Sanchez and Jorge E. Caceres Mon[illegible], Cesareo A. Cardozo and Carlos O. Actis, Lt Col Larrabure, Capt Viola and a long list of military from the three branches, businessmen, labor leaders and individuals dissociated from any political struggle. All of them died as a result of attacks by the subversive groups and "special formations." Their memory demands justice which could be done posthumously, as noted, or in some similar fashion.

Unfortunately, Argentina is not the only country in which extremist violence has operated in such a merciless manner; and one need only consider what is happening every day in Italy, Spain and many other European, African, Asian and American countries, in order to be assured that the Norwegian committee, as it has cited what occurred in our country, will find a way to decide in this matter.

Decisions such as the one conferring a prize on an Argentine fellow citizen are an opportunity to state that, in our country, there is a desire for the total force of human rights, without implying that a political or ideological label is placed on a protest. If it is to be effective and authentic, it will have to be universal, without stalling by any sector or faction.

No one can evade solidarity with nonviolence, and that trend of opinion should be gratified by the aforementioned selection. It proves that, on two occasions, Argentina has aroused the world's attention, through the endeavor of one of its sons, with the invocation of mankind's responsible conscience.

## Perez Esquivel's Merits Cited

Buenos Aires LA PRENSA in Spanish 14 Oct 80 p 11

[Article by Manfred Schoenfeld: "An Award for Pacification, Reconciliation and Human Dignity"]

[Text] The day before yesterday, we were given the privilege of seeing and hearing on the television screen the Pope delivering his message to Argentina on the occasion of the closing of the Marian Congress in Mendoza. The views of John Paul II were, in general, on the lofty spiritual level that marks his person, action and thought; in other words, there was no part of the brief address that could be regarded as superfluous phraseology or conventional verbosity. Nevertheless, we think that one of the highlights (in our opinion, the highlight) was when the Roman pontiff said:

"...Love your brothers, especially those who are suffering and weeping now, so that the Argentine society, consolidated on the pillars of fraternal love and reconciliation, can truly exclaim: 'See how good and delightful it is to live together as brothers!'" (As we know, the latter quotation comes from the Psalms.)

The echo of this appeal from John Paul II on behalf of those who "suffer and weep" had not yet died out in our consciousness when, the next day (at a relatively early hour yesterday morning) the cable from Oslo brought us the news that an Argentine (one of those who have worked for several years in their own country and in others, on behalf of pacification, reconciliation and human dignity) was awarded the Nobel Peace Prize.

Nonviolence

Our fellow countryman, Adolfo Perez Esquivel, received that highest expression of international recognition because his effort for assistance and consolation was made in a nonviolent manner. He is, in his own way, without being a clergyman, an evangelizer, because (as he noted upon being interviewed after the granting of the award had been announced) the Gospel is present in his sentiments, his endeavor and his life.

He has collaborated with personages of international renown (in Brazil, for example, with Bishop Camara and Cardinal Lorscheider), and he had already been nominated once, 2 years ago, as a candidate for the Nobel Peace Prize by Mairead Corrigan, one of the two courageous Irishwomen who had won it in 1976 for their unprejudiced and tolerant effort on behalf of the pacification of Northern Ireland, which has been bloodied and destroyed by hatred and pseudoreligious fanaticism.

The Cause of Human Rights

It is important to point out that architect Perez Esquivel by no means considers the award that has just been conferred upon him an expression of hostility directed ostensibly against the Argentine Government.

It is true that Perez Esquivel was imprisoned for over a year, but he did not renege on his effort on behalf of human rights on that account. The fact that he has not done so is precisely what makes him different from many who have tried to become involved in that cause in order to exploit it for political purposes.

He has not capitalized on the grief of others to carry water to any sinister ideological gristmill, nor has he allowed his endeavor to become a tool for subversion.

Hence the term "human rights," as indicated by his effort and his statements, has recovered the natural dignity that is inherent in it, and is not, rather, a quid pro quo in the international diplomatic arena, as it has unfortunately been interpreted on more than one occasion, both in our governmental areas and in those of other countries (for example, the United States).

The Peace Prize

With the passage of years, the Nobel Peace Prize has evolved in the same way that the world has changed since these awards were created by the inventor of dynamite.

At that time, the main concern in Europe, because the awards were for years essentially of "Eurocentric" orientation, revolved around peace, the formal maintenance thereof among the powers and the reduction in armament and in the number of military troops kept permanently on call.

As the years elapsed, the Peace Prizes at times assumed an inevitable appearance of being "politically loaded." But this was obviously due to the fact that there were regimes which considered themselves alluded to or offended, after some citizen subjected to their tyranny received the award: the German writer, Carl Von Ossietsky, who was a winner in 1935, while jailed in Hitler's Germany; the black pacifist,

Albert Luthuli, in 1960, imprisoned by the government of the Republic of South Africa; or, finally, Andrei Sakharov, the great physicist and fighter for peace and human rights in the Soviet Union, who received it in 1975, and who is now paying for it indirectly, exiled in Gorkiy.

The Oslo Storting (the legislative Diet of the Kingdom of Norway) which grants the award is above suspicion of the "political charge," and in any event has a right to maintain, tacitly, that "i. the shoe fits, put it on."

However, Argentina (which, with Adolfo Perez Esquivel, now has four Nobel Prizes, ranking it ahead of any other Latin American country from this standpoint) has in its possession two who are related to the changing method of contributing to the reign of peace in the word: the first, granted to Dr Carlos Saavedra Lamas, in 1936, for his intensive endeavor crowned with success which put an end to the Chaco War between Bolivia and Paraguay; and now the second, which relates to peace in the broader sense, namely, that of the struggle against the factors which, by violating human dignity, end up by destabilizing the world.

1409
CSO: 3010

GOVERNMENT ATTEMPTS TO REDUCE COCA PRODUCTION

## President Appeals to Farmers

La Paz PRESENCIA in Spanish 21 Sep 80 pp 1, 12

[Text] Cochabamba, 20 Sep--The president of the military junta, Gen Luis Garcia Meza, said: "We have to replace coca production with other products so that it will not be said of us that we are a nation of cocaine addicts." Garcia Meza added that to achieve this the National Reconstruction Government will take "drastic and harsh measures toward living with dignity and so that we will not be accused of poisoning the Bolivian people with cocaine."

He said that for 20 years the politicians did not do anything, "because instead of working for their homeland they worked to line their own pockets, by taking money abroad to live like pashas."

Garcia Meza announced that to organize peasant cooperatives he has delivered five tractors so that the Seventh Division Command can distribute them to rural centers.

He said he will immediately enact a decree through which all the production of Chapare will be centralized in Sacaba. He added that the Tutumayu and Waravara dams will be built but that the peasants have to demand the achievement of these projects from the district authorities, since the latter are ready to work. If they were not, they would be "replaced."

Peasant Demonstration

The chief executive made these statements at a peasant rally that took place this afternoon in the main square of Sacaba, Chapare Province. Garcia Meza was welcomed by schoolchildren, peasants and general public.

Various ministers of state and military chiefs, as well as district and provincial authorities, attended.

President Garcia yesterday visited the district prefect, Lt Col Javier Pammo Rodriquez at Setton Hospital where the latter underwent delicate surgery. This morning, before going to Sacaba, Garcia Meza was in the Magy restaurant and attended the national horse show.

Tomorrow he will be in Cliza where his wife, the first lady of Bolivia, will be named "favorite daughter" of Cliza, where a new anniversary is being celebrated. In the afternoon Garcia Meza will fly by helicopter to Morochata and Calchani, some 200 km from the capital.

The events in Sacaba began with the welcoming address of Mayor Fidel Via. Then there were speeches by the president of the civic committee, Carlos Angulo, and agrarian leaders Tomas Quiroga of El Morro Peasants Union and Leoncio Torrido, departmental executive of the farmers. They all expressed their support for the National Reconstruction Government and offered to fight against extremism. They asked that several projects be carried out, such as dams and the centralization of products from Chapare in Sacaba.

The President Speaks

The Chief of State made the following address: "As we have been doing since the military-peasant pact was again brought up to date, today we are again seeing this massive spontaneous demonstration by our brother peasants and the people of the town of Sacaba, as a show of support by all of you for the National Reconstruction Government.

"We have often thought--and when we go through the various towns in Bolivia, we see that we have not progressed at all--we continue as we were 20 years ago, and we also wonder what the political parties did, what the politicians have done for Bolivia, what the politicians have done for their peasant brothers, what they have done for the workers and the miners. All they have done is make the people not have faith in anything. All they have done is make the Bolivian people's backwardness continue. Now the new National Reconstruction Government, with a new generation and new men believes that we cannot deceive the Bolivian people, and we cannot end up promising that which we are not going to do. We have come, and for a long time we have been carrying out a dialog with our peasant brothers, with the worker and with the miner, to find out their needs. We are coming to realize that we need everything, because we do not have anything; because instead of working for their homeland, many rogues who are deceiving the Bolivian people have started to work to line their own pockets. And that they have not even left in Bolivia all the resources that they have put into their pockets. Rather they have taken them abroad to live like pashas, while we, the Bolivians who love our land, are living under the same conditions and thinking about how to repair our nation. We are thinking about how we are going to straighten out the economic problem.

"Nevertheless, during these 3 years, the politicians, through constant and continual elections, have emptied the national treasury. They have used the money of the poor and of the children, leaving them without food and without bread, to pursue their election campaign, to deceive their peasant brothers. There was a Genaro Flores who was selling our peasant brothers to an extremist party, to a party that does not love Bolivia, to a party that was also selling Bolivia to certain foreign powers. Peasant Brother, for this reason we are here to speak with you in plain Spanish, so that we all understand one another, and let us speak the same language and not talk promises. We do not come with promises. We come to find out your needs, because the Armed Forces are going to work alongside all of you.

"Peasant brothers, what this National Reconstruction Government asks is that once we start to work, our nation needs the efforts of all its children. The government is starting to distribute the necessary tractors so that our peasant brothers will form cooperatives. For Sacaba we have brought five tractors that we are going to deliver to the commander of the Seventh Division for the cooperatives to be organized, and then the tractors will be handed over to them.

"A short time ago, the president of the civic committee asked us for a decree to centralize all of Chapare's production in Sacaba. We are going to order the decree, but since the government is giving them what they need, they also have to support this government, not with political consciousness but with nationalistic consciousness. We have to change the face of Bolivia, peasant brothers, and you, who are near Chapare, must replace coca with other things, so that it will not be said of us that we are a nation of cocaine addicts. To this end the government is going to take harsh and drastic measures, because it is better for all of us Bolivians to live with dignity and not be accused of poisoning the Bolivian people with cocaine. You must improve your thinking, so that you make suggestions to plant a better product than coca."

Finally, Garcia Meza announced that construction is underway on the Tutimayu and Wara Wara dams [as published]. He said that the peasants must demand these projects from the local authorities "so that they will fulfill what the President is speaking about. If not, the authorities will be replaced."

Garcia Meza added that the government has raised the flags of Villarroel, Busch and Barrientos, through which action "we have now called upon all the nationalist forces."

He declared, "We are forgiving those who held foreign or mistaken policies, because we are all Bolivians, and I believe that it is necessary for us to examine our conscience and live first as Bolivians. Let us work for our homeland, for our household and for the community that you represent."

## 'PRESENCIA' Hails Initiative

La Paz PRESENCIA in Spanish 22 Sep 80 p 3

[Editorial: "Coca Growing"]

[Text] The problem of cocaine manufacturing in our country is at least 25 years old, and it has not been met with sufficiently effective measures. We cannot say that nothing has been done, but preventive and punitive measures have not substantially decreased manufacturing and trafficking in cocaine. Moreover, the tremendous profits obtained from this illegal trade have attracted more and more persons--including peasants-- with the result that the authorities' struggle is increasingly difficult, despite all the willingness they may devote to this effort.

The situation has led to the President of the Republic himself, in a recent visit to Chapare, stating to the peasants the need to eliminate coca growing and replace it with other products that will not bring the same results. Thus, he touched upon one of the solutions that can be effective, as similar ones taken in other countries have demonstrated.

We must emphasize the harm that Bolivia has suffered up to now because of the narcotics traffickers' activities. Above all, the country's good name is at stake. For many years we have had the unfortunate reputation of being one of the big suppliers of cocaine for the whole world. But this is not all the damage. Given the ease of obtaining the narcotic, Bolivian drug addicts have already become evident, especially among youth. In the face of this dangerous fact we will have to react forcefully, because this problem touches a sector of the population especially deserving of protection.

The profits from this business do not go to the nation. The gains are for the drug traffickers, for gangs of international scope, and as crumbs for some coca growers who have observed that this item attains considerable rises in price.

No crime results from a single cause. But we can and must try to eliminate some of the foundations of these causes. Among these causes is, certainly, the fact that the raw material coca can be obtained in Bolivia at low prices; only some recently enacted precautions for its marketing have to win out. One of the basic points, perhaps the main one, lies in coca production. Therefore, if the growing were reduced, we would have taken a big step in regulating this type of offense.

Let us not forget that there have been other countries that faced similar problems. This happened, for instance, in Iran, which up to a quarter of a century ago was the main supplier of opium and its derivatives to the Western world. Since then the production of narcotics decreased because the government eliminated growing legally and physically and closely supervised the enforcement of these measures. Something similar was done in other nations, such as Turkey, with good results.

In Bolivia regulation over growing has to be extended, and those dealing in cocaine should be seriously investigated. The quantity required is small to supply the domestic market and to satisfy a habit that, otherwise, must tend to disappear.

Obviously this action will harm some growers. But we have to consider that it is not possible to follow the present course, with a production that we know for the most part ends in physical and mental damage both domestically and abroad. The excuse that there will be growers who are harmed is not acceptable. We will have to stress the need to replace the products being grown, even with less profitable ones, but which are also less dangerous. We do not believe that, in the long run, there is a lack of means and of foreign and international help to carry forward this campaign that has to be fulfilled, as much through an effort of persuasion as by vigorous punishment, if necessary.

## Report Cited

La Paz PRESENCIA in Spanish 21 Sep 80 p 8

[Article: "International Report: Excessive Growing of Coca Threatens Agricultural Production in Bolivia"]

[Text] A report by the International Commission on the Fight Against Drugs points out that Bolivia's agricultural production is threatened by the excessive growing of the coca leaf.

It notes that traditionally Bolivia was compelled to produce the necessary food products. The report states that a large part of the country is not suitable for agriculture and that half of the population has to work at farming to satisfy the people's minimal food needs.

"But now," it adds, "in view of the expansion of illegal narcotics production, the Bolivian farmers are replacing the planting of food products with the coca leaf."

The report determines that unless this trend is corrected, Bolivia will soon be facing the problem of not being able to provide the necessary food for its people.

The commission explains that signs of an imminent food shortage are seen in the markets, where the prices of essential items, from potatoes to corn, are rising rapidly, and the effects are being felt by workers tied down to a salary. The report adds that "the only ones who have not been affected are those holding the largest part of the profits from the narcotic drugs industry."

According to the International Commission, the profits from illegal trading in this alkaloid have created 50 new millionaires in Bolivia, some of them on the scale of more than 30 million dollars. "Also," the commission says, "this trade has created countless new, poor farmers who must earn their living dangerously by growing coca shrubs high up in the mountains, while most of the population is facing an alarming shortage of food products because the farmers are no longer planting food products."

The report states that the other by-products of the illegal coca industry are well known. It adds, "Recently accusations were exchanged among government bodies responsible for reducing the narcotics traffic." It says rumors are common of bribery and that addiction is increasing. The report goes on to point out that the regions where coca production is the main occupation have become virtual states in which drug traffickers rule through heavily armed gangs.

Government Action

The document which, on the whole, refers to Bolivia, states that the government, upon realizing the low production of food products, has taken measures to reduce the harvesting of coca leaves. A special license, says the report, is needed for growing and selling coca. The Bolivian police force is carrying out inspections throughout the country to find and destroy the illegal coca shrub plantations. Despite this action, an increasingly larger area is being devoted to growing coca, since the profits for selling this plant illegally are greater--between 40 and 100 percent--than the profits from selling coca legally.

Referring to ways of battling the excessive production of coca, the International Commission suggests that the government increase its operations against the traffickers, since these measures would make trafficking in the refined drug much more risky. The report adds that the government must focus its efforts on programs that will allow the poor farmers to have an adequate income so that they do not have to resort to the illegal growing of the coca leaf.

## Price of Coca Protested

La Paz PRESENCIA in Spanish 25 Sep 80 p 9

[Text] The continual increase in coca prices on the legal market is causing serious economic damage to the mining industry, states the National Mining Board, which unites Bolivia's small miners.

A letter sent by the organization to Minister of the Interior Col Luis Arce asks that urgent measures be taken to check the excessive rise in coca prices, o avoid problems with the mine workers.

According to the small miners, "The supplying of coca leaves for our workers, who number several thousand, has substantially worsened, creating at the present time a grave problem, first because of the tremendous difficulty in obtaining coca on the legal market and secondly because of the unrestrained and excessive rise in prices, which have reached an incredible increase of 1,400 percent."

"The seriousness lies in our not being able to compete in price with the illegal market," adds the small miners' letter, which suggests that a way be studied to make easier the supplying of coca to the mining districts.

The letter suggests that coca consignments seized by the authorities of the Office of Control of Dangerous Substances be transferred for sale to workers in the mining companies.

Prices

According to the small miners in January 1979 a drum of coca cost 600 Bolivian pesos. At the end of 1979 the price rose to 3,000 Bolivian pesos.

The price rise continues. Last August a drum of coca sold at 9,000 pesos.

The small miners are asking that the system of price restraints be improved in the legal coca market, as an aid to the fight against narcotics trafficking.

9545
CSO: 5100

## PRESIDENT FIGUEIREDO INTERVIEWED PRIOR TO CHILE VISIT

Santiago QUE PASA in Spanish 9-15 Oct 80 pp 10-11

[Interview with President Joao Figueiredo by Lillian Calm; date and place not given]

[Text] Who is President Figueiredo? We ask him to describe himself and his description reflects his personality. "It is difficult to describe him. It is even more difficult for me to describe myself (to say nothing of being dangerous and embarrassing). In order that the question does not go unanswered, I will say that the president is what he has always been as a Christian, as a man, as a soldier and as a citizen."

President Joao does not let any questions go unanswered. That is why he answered our questionnaire--very near closing time--only two days before he arrived in Chile.

What is the significance of your trip to Chile? He does not hesitate to answer: "My trip is part of the traditional cordial relations between Brazil and Chile. Our policy in Latin America calls for coexistence that contributes to the intensification of cooperation among the nations of the region. The Chile visit will be an important and significant point in the strengthening of our friendly relations which have led to bilateral initiatives that are more and more promising." And he adds: "It is likely that new agreements will be signed. Nevertheless, I believe that more important is the exhaustive and broad study of the different aspects of our relations whose outlook is favorable to the undertaking of activities that are mutually beneficial to both nations."

We then asked him what role he would assign to Brazil in South America. He replied that his country "fully assumes its condition as a Latin American." He explains: "We share the principles and norms which govern regional coexistence. In addition we are ready to work together with our Latin Aperican brothers, in the spirit of solidarity and mutual respect, so that we may reach adequate levels of economic development. Cooperation and integration efforts are important parts in the formulation of strategies and proposals for economic development and should be furthered.

South America is not a geographic arena for Brazilian foreign policy. There is a sharing of values and a willingness to work in common. There is a tradition of solidarity and a desire for cooperation. Ethics and the magnitude of specific methods of cooperation are the elements which define our role on the continent."

Instability Rather Than Stability

Why was Brazil not interested in becoming a member of a future Southern Cone Pact sponsored by Argentina?

"A pact of that nature was not proposed to us," the president answered. "Brazil's Latin American policy is basically guided by cooperation and solidarity which are based on strict respect for the principle of non-intervention. Therefore, our policy is coexistence with everyone as we seek to contribute to harmonious relations among nations. We seek a position that will permanently aid expansion of continental relations." And he continues: "At the same time, we reject as a natural corollary to our position any form of political ambition or hegemony that favors actions guided by 'balance of power' mechanisms. I firmly believe that this is not our vocation and this kind of political attitude, in addition to being unnecessary, goes against the tradition of cooperation on the continent. From this political picture in which coexistence is the basic norm, it is easy to deduce why we oppose the idea of participating in a Southern Cone Pact. In this respect, I would like to make a correction because I don't believe that the idea has an official sponsor. It is a concept that the press has aired informally but it has never been formally proposed precisely because as I see it it is not in keeping with our traditions of coexistence. In short, I don't believe that a pact of this nature favors the efforts of continental solidarity. It would create divisions that should not exist. It would lead to actions, facilitate instability more than stability. Our road is another one. It is the road of solidarity."

And a question on internal matters: Is the democratic opening process which Brazil is experiencing a planned action or has it developed naturally from events? President Figueiredo states: "Today there is no doubt about the democratic philosophy of the 1964 Revolution. There is no doubt about my government's intention to promote the task of returning democracy to Brazil. Thus there will always be an element of deliberation in the process, an element of will which governs its initial impetus. It is important to note that the element of will is not isolated. It is necessary to remember always that the process begun in 1964 clearly has a sense of popular support which has been maintained to the present in several ways. At the same time, the process cannot be disassociated from events because it is bringing about democratic changes. It cannot be isolated from the full impact of the movements in society."

And he adds: "A democratic program not based on the intent and will of the diverse groups in our society, one that does not accept pluralism and its manifestations, would be incoherent. There will be an element of uncertainty in the process which is essential to the construction of democracy. Events are not contrary to deliberation, they interact and in the pluralistic framework they weave the institutional framework for democracy."

Faithful to Nonintervention

We again focus on foreign policy. Is Brazil closer to a Bolivia governed by General Garcia Meza than it would have been to a Bolivia governed by Siles Suazo? His reply is categorical: "As a neighboring Latin American country with whom we maintain the most traditional friendly relations, have intensive trade and share important projects, we will always be ready to have close ties with Bolivia. As for the internal changes in Bolivia, we have no opinion. We are unconditionally faithful to the principle of nonintervention."

We then ask a question about Itamaraty, the Brazilian foreign ministry which sets an example, not only on the continent but throughout the world, of professionalism in foreign service. What role does Itamaraty have in the Brazilian government? Joao Baptista Figueiredo states: "Itamaraty is responsible for Brazil's foreign relations in its various dimensions. It is the president's main advisory group in the formulation of foreign policy. It is the agency responsible for the many daily tasks of our diplomacy." And he reiterates: "It is a professional body. We take special care in training our diplomats and only those who have studied at the Rio Branco Institute are admitted into the service. I believe that this fact coupled with the tradition of clearly defining our foreign policy objectives distinguishes Itamaraty as a foreign ministry."

One final question. What is Brazilian foreign policy based on? "It is based on principles of nonintervention, on the peaceful solution of controversies, self-determination, respect for treaties and others which constitute the doctrinal values of the principles and purpose of the UN and OAS charters. These are philosophical bases which guide concrete and specific diplomatic action at every turn. It is precisely this coherence of principle and action which has characterized Brazilian diplomacy." He adds: "On the other hand, at the theoretical level, we have oriented diplomatic tasks using the guidelines of universalism, of excellent coexistence and national dignity. To properly carry out the basic principles of our foreign policy, we feel that universal coexistence is mandatory. The international community should adopt forms of conduct which accept pluralism and in which differences are a driving force for closer ties."

President Figueiredo concludes: "Universalism is a proposal for participation and frank dialogue based on mutual respect in which there is a genuine search for effective solutions to the great problems affecting us. These could be summarized in two words: peace and development."

8599
CSO: 3010

POLL SHOWS DECLINE IN GOVERNMENT POPULARITY

Rio de Janeiro O GLOBO in Portuguese 2 Oct 80 p 4

[Text] Sao Paulo--The level of the popularity of President Joao Figueiredo's government dropped to its lowest point last August, when 59 percent of the Brazilians questioned in a Gallup Institute survey indicated their disapproval, while another 33 percent expressed satisfaction with the federal administration. Eight percent had no opinion.

The study was carried out between 10 and 28 August, with a sampling of 2,896 persons living in urban areas in all the Brazilian states, with an age, sex and socioeconomic level breakdown similar to that characteristic of the national population.

The Gallup Institute study, entitled "Declining Approval of President Figueiredo's Government Among Brazilians," had but a single question. "How do you feel President Figueiredo is governing the country: very well, well, normally, badly or very badly?" The results showed that there was greater approval of the functioning of the government in 1979 than in 1980.

According to the study, the percentage of approval increased between May and October of last year, when 59 percent approval was recorded as compared to 47 percent in the first study in May.

Between October of last year and January of this year, according to the Gallup Institute, there was a great drop in popularity, with 52 percent of those surveyed expressing disapproval of the government. A section of the document released yesterday explains the reasons for the decline.

"A drop in the popularity of the Figueiredo government occurred between October of 1979 and January of 1980. It will be remembered that a sudden change in its style of government occurred during this period as a result of the episodes which occurred in Santa Catarina at the end of November 1979. Until that month, President Figueiredo had maintained relations with the population reflecting greater informality."

Apart from this reason, which was the cause of a "certain popular discontent," the survey body listed the successive increases in living costs due to rising oil product prices, and the development of "greater popular discontent with the current economic conditions Brazilians are facing."

From January to April of this year, according to the Gallup Institute, the figures reflecting approval of the present government remained stable, between 27 and 39 percent. In August, however, a new factor contributed to the declining prestige of the government: younger persons and those with greater purchasing power began to express discontent.

Disapproval of the federal government in the age group between 18 and 29 was 63 percent, as compared to 59 percent in the group between 30 and 40 years of age and 50 percent for persons over 50.

In economic class A, disapproval of the government ran at 70 percent, while in group B discontent was expressed by about 61 percent, with figures of 56 percent and 50 percent for groups C and E respectively.

In terms of sex, 60 percent of the men surveyed expressed disapproval of the government of the president of the republic, while this was the case with 58 percent of the women.

In surveys made in the southern states (Parana, Santa Catarina and Rio Grande do Sul) and those in the Southeast (Sao Paulo, Rio de Janeiro, Minas Gerais and Espirito Santo), greater government unpopularity was revealed than in the North, Northeast and Center-West.

The southern states expressed 60 percent disapproval, while the figure for those in the North and Center-East was 51 percent. In all the states, the highest level of discontent was seen in the middle-sized towns.

Minister Questioned

Communications Minister Said Farhat declined to express any view on the Gallup study, noting instead that the SECOM [Mass Media Secretariat] released an opinion poll in August which had been taken in July showing support of the government of President Joao Figueiredo on the part of about 60 percent of the population. In Minister Farhat's view, the comment by the Gallup Institute that there was a change in the style of the government of President Joao Figueiredo after the incidents in Florianopolis in November of last year is also without foundation.

"The style only changed in the view of those who have not observed the president during his trips, those who cannot follow him personally. Those who see the president on his trips throughout Brazil see the fraternization which always marks his visits to the cities and the enthusiasm with which he is welcomed by the people," Said Farhat said.

5157
CSO: 3001

SECOM CONTESTS POLL SHOWING DECLINE IN FIGUEIREDO'S POPULARITY

Rio de Janeiro O GLOBO in Portuguese 8 Oct 80 p 5

[Text] Brasilia--Yesterday afternoon, the Mass Media Secretariat (SECOM) of the Presidency of the Republic distributed a note contesting an analysis by the Gallup Institute made from a public opinion poll which showed that the popularity of President Figueiredo is declining. SECOM explained that the figures collected by Gallup in August, when compared with those of IBOPE [Brazilian Public Opinion and Statistics Institute] in June, are similar, and that the difference lies only in the analysis.

According to SECOM, the Gallup Institute considered the answer "fair" to the question about President Figueiredo's performance as being "negative," whereas, in its opinion, the rating should have been "neutral." The IBOPE poll, taken in June throughout the country at the behest of SECOM, was analyzed as highly positive for President Figueiredo's image. That of Gallup, taken in August on its own initiative, showed through its analysis that the president's prestige was declining.

The note from SECOM read as follows:

"Comparison between the Gallup poll of August 1980 and the IBOPE poll taken in June 1980.

| "Gallup, August | | IBOPE, June | |
|---|---|---|---|
| "Question: President Figueiredo is governing | | Question: How would you rate President Figueiredo's performance for this first year of his administration: | |
| "Very well | 61 percent | | |
| "Well | 27 percent | | |
| "Fairly | 34 percent | 6.4 percent: | optimal |
| "Badly | 12 percent | 22.9 percent: | good |
| "Very badly | 13 percent | 38.9 percent: | fair |
| "No opinion | 8 percent | 12.5 percent: | poor |
| | | 16.5 percent: | very poor |
| | | 2.8 percent: | no opinion |

"Observations:

"1. In both instances, the possible answers are equivalent: two are clearly positive (very well, well; optimal, good); and two are clearly negative (badly, very badly; (poor, very poor).

"2. Both polls included a neutral answer, namely: 'fairly' (Gallup) and 'fair' (IBOPE).

"3. Therefore, the correct analysis of the data should be made by adding the positive answers, on the one hand, and the negative ones, on the other.

"4. Thus, we find: Gallup: very well plus well equals 33 percent. IBOPE: optimal plus good equals 29.3 percent. Badly plus very badly equals 25 percent. Poor plus very poor equals 29.0 percent. Fairly equals 34 percent; and fair equals 38.9 percent.

"5. As is evident, the indexes of approval increased between June and August: from 29.3 percent (IBOPE) to 33 percent (Gallup).

"6. And the indexes of disapproval decreased during the same period, from 29.0 percent (IBOPE) to 25 percent (Gallup).

"7. It is quite natural that, when answering a question which involves such a complex judgment as that relating to an entire government, the frequency of intermediate positions, such as 'fairly' or 'fair' should be greater. And that is exactly what happened in both polls, with rather similar percentages (34 percent in the Gallup poll, and 38 percent in the IBOPE one).

"8. Now the analyst could arbitrarily include that group among the approvals or the disapprovals. But by so doing he would completely change the numbers represented in the answers, according to his preference."

Mistake

The government's leader in the Senate, Jarbas Passarinho, attributed the results of the poll on President Figueiredo's popularity released yesterday by the press to a mistake in interpretation.

According to Passarinho, the information that he has on the Gallup poll is that the answers rated as "fairly" were added to the opinions "badly" and "very badly"; and hence it arrived at a decline in the prestige of the president of the republic.

This is also the view of the government's leader in the Chamber, Nelson Marchezan: He said: "What we all know is that President Figueiredo is understood and backed by the Brazilian people. He enjoys popularity, and that is obvious. Therefore, the results of that poll are not consistent with the reality that we know."

Uniformity

The PP [Popular Party] leader in the Chamber, Deputy Thales Ramalho, ascribed the decline in President Figueiredo's popularity to "the lack of uniformity among the members of the government."

He also included as reasons the economic policy adopted by the government, and the high cost of living.

The president of the PMDB [Brazilian Democratic Movement Party], Deputy Ulysses Guimaraes, claimed that he was expecting results of this kind, "because the major problems which are besetting the underprivileged classes, such as inflation and the cost of living, must be blamed on the government."

2909
CSO: 3001

PP: 'A PARTY BORN WITH A CALLING FOR POWER'

Rio de Janeiro O GLOBO in Portuguese 5 Oct 80 p 6

[Text] Brasilia--In numbers, the Popular Party [PP] is smaller than the three major parties in the National Congress. It has 64 deputies and seven senators. Insofar as ambition is concerned, it is the only one which describes itself as "a party with a calling for power." PP is striving to obtain a majority in the two legislative houses and to win the largest number of governors in the 1982 elections. For this purpose, despite the fact that it came into existence under the distrustful gaze of both the opposition and Planalto Palace, PP has recorded in its book of founders the names of individuals who are illustrious and who have long political experience, in the South, North, Center and East of the country. "It is a party which has cadres," as its top-ranking leaders are fond of stating.

With 62 representatives in the Chamber of Deputies and eight in the Federal Senate, PP was formed from the dissident groups of ARENA [National Renewal Alliance] and from groups in PMDB [Brazilian Democratic Movement Party] which did not want to remain with the former comrades from MDB [Brazilian Democratic Movement].

Emerging from the remains of bipartisanism, in its beginnings PP was not given many prospects in the Brazilian political context.

Furthermore, PP came into being with the accusation of being an "auxiliary line" of the government, or at least of being the "reliable opposition" that the Planalto Palace hoped to have in the establishment of its plan for political openness.

At the time, two things were said about those who joined PP: The former ARENA members would not forget their past in the government, and the former MDB members would have a vast area in which to express opportunism, a minority tendency in the former MDB.

In any event, the Popular Party was organized weakly in some states and strongly in others, such as Rio de Janeiro, where it began with the leadership of the state executive branch. During the week, O GLOBO listened to the top-ranking leaders of the Popular Party and, on the basis of their statements, is revealing the basic guidelines of the group, its political proposals for the country and what those leaders think now about the accusations that they received when they were actually arranging to organize a new party.

"There was never any fact which would entitle anyone to imagine PP as an auxiliary line for the government."

The secretary of the Popular Party, Deputy Miro Teixeira, emphatically states that "practice has determined the profile of the party." He says that PP is "in the vanguard of the discussion of national issues, assuming pioneer positions, which are always followed by the other opposition parties."

According to Miro and other leaders of the party, that question of the nature of the party does not make sense: PP is on the opposition, with its program and action. The fact is, they observe, that PP, being on the opposition, is striving assiduously for one goal: to come to power. It is in that area that the party will show its pragmatism in its entirety.

Deputy Herbert Levy remarks: "Our party is the most viable path for the non-radical forces which are turning increasingly against the government. The members of PP cannot be accused of radicalism and inability; hence the government is convinced that the solution is really PP; since, if a radical opposition considered unprepared to assume the responsibilities of government should win in 1982, there would be a crisis which would result in a setback owing to reaction from the Armed Forces."

Thales Ramalho says: "It is unfortunate that there are people who think that the shortest path is that of a straight line, always advancing."

Aged 57, Deputy Thales Ramalho is the PP's leader in the Chamber and a politician recognized by everyone as one of the most able in the National Congress. Speaking softly and slowly, Thales depicts the future of PP, and explains the reasons which have led to the perception of such favorable prospects for the party.

In his opinion, the Popular Party "has not come to engage in the politics of retaliation." He asks, maliciously, "Should the opposition alone know the summons to advance?"

Then he advises: "There are retreats which have fostered great victories." The leader of PP does not talk about merging the opposition, because he feels that, on the basis of the government's attitudes, "there is at present an opposition front in Congress which flows naturally, without anything written, and that front has had a uniform performance in Congress."

The Popular Party is attempting to express its point of view in all matters. For example, it left open the question of voting on the permit for the president of the republic to visit Chile.

It was an important decision, because it established very clearly the position of PP, which does not want to be the flunky of any party, and will not be, owing to its very nature and calling, Thales Ramalho explains.

Hence, the PP's fundamental commitment is "to put up opposition, but with its own identity."

The leader gives assurance: "PP does not want, and will not serve anything but a plan that will make democratic normality viable, without a coup orientation on either side."

In this process of transition toward democratic normality, for PP the 1982 elections appear to be a keystone to the party's plan to win power.

Deputy Miro Teixeira comments: "Time is on the side of PP, which was created to win. It has the leading members of the opposition in several states, and it is the party which has, more than any other, leaders who could be elected to the state governments."

In fact, the PP leadership is making estimates every day, taking note of all the possibilities insofar as the state governments and the state or federal legislative seats are concerned. Deputy Magalhaes Pinto, honorary president of the party, states:

"If there are no new unexpected events, our prediction is that we shall win 10 or more state governments, and hence govern half of the nation."

PP has strong candidates in the North and Northeast, such as Alberto Silva (Piaui), Aluisio Alves (Rio Grande do Norte) and Antonio Mariz (Paraiba).

Deputy Miro Teixeira, himself a strong candidate for the government of Rio de Janeiro, observes: "There were unquestionable spheres of influence of the federal government which now find in PP the only viable possibility of having an opposition government. No other opposition party can describe a status as definite as that."

The main argument for that optimistic projection among PP members is the party's balanced position and the fact that it is, they claim, "the only one representing something new."

Miro Teixeira claims: "The other parties have sought ideas, initials and alliances from the past, whereas we are aimed toward the future."

Reformist, not conservative, PP wants to sell the image of being an option for promoting the changes demanded by Brazilian society without traumas, and moderately. A symbol of that moderation, Senator Tancredo Neves gives the definition of the party which he heads.

"Reformist, democratic, of Christian inspiration, it wants to foster a legal, peaceful transition (without hatred or revenge) from the authoritarian order to the democratic order. It is the instrument of transition between authoritarianism and the establishment of a genuine democratic regime in Brazil."

A party with aspirations as immediate as coming to power and exercising it, PP hopes to motivate the electorate through the party program and the cadres who are in the association.

Leader Thales Ramalho claims: "PP is a party with great cadres all over the country."

That leader maintains that the Brazilian electorate consists mainly of the middle class; in other words, the class opposed to sudden changes in its life style.

"There is a list of options in the opposition, but what we are conveying appeals to the municipal leaders, who are opposed to radicalization and hence are on our side."

What will PP do if it comes to power? Senator Evelasio Vieira enumerates the basic points of reformism according to PP:

Agrarian reform wherein the government itself distributes its land and purchases or expropriates the large estates.

Creation of an agrarian justice system.

Construction of a national system of silos and storage facilities.

The establishment of agrarian insurance.

Creation of agricultural schools to train intermediate-level technicians.

Guarantee of remunerative prices to the producer, eliminating the presence of the middleman, to insure low prices to the consumers.

Tax reform, to improve the distribution of funds to states and municipalities, and to strengthen the federation.

Educational reform, with emphasis on intermediate-level technical instruction and on occupational education.

However, for all this to be able to occur, there must be 1982 elections. The Popular Party, through its leaders, has underscored the importance of this point; in other words, it has said that it would do everything to have the contest take place. But what it does not say is that PP adamantly trusts in the guarantees offered by the government, or that it is not worried that new situations might occur, impeding the progress of its own plan.

Deputy Miro Teixeira says: "We shall do what is incumbent on us to arrive at 1982. We must not allow ourselves to be affected by spurious fear; we must believe that democratization is an irreversible process."

Leader Thales Ramalho agrees, and has attempted to converse on that subject with other leaders of the opposition and the government. But he is very annoyed at the fact that the decisions "are still made outside of Congress."

At the meeting of the party's legislative group in the Chamber last Wednesday, several deputies expressed their distrust of the government's intentions regarding the 1982 elections. And they made various proposals.

"We must do everything to come to power" (Milton Figueiredo, Mato Grosso).

"We must force the government to show its hand" (Jorge Vargas, Minas Gerais).

"Those in the know are killing time; they are not expecting it to happen" (Carlos Santana, Bahia).

"We need to break the monopoly on initiative that is in the government's hands now, and submit bills that will guarantee the 1982 elections" (Miro Teixeira, Rio de Janeiro).

The Popular Party also has its internal differences. One of them is associated with the strategy aimed at the 1982 elections. Should the priority goal be winning the state governments or strengthening the legislative groups in the Chamber and the Senate?

Leader Thales Ramalho thinks that, "Under the present conditions, the election of a governor is a joke.

"The candidate will assume commitments that he will be unable to keep. The status of a state governor today is that of a beggar."

Without losing sight of the fact that it would be good for the party to elect governors, the leader thinks that the priority lies in the strengthening in Congress.

President Tancredo Neves, for his part, regards "the experience in the government of Rio de Janeiro as excellent," and recommends "an effort to strengthen the legislative representation without underestimating the importance of the state governments."

Magalhaes Pinto, honorary president, states that "the one thing is linked with the other," something with which secretary Miro Teixeira agrees, naturally placing a little more stress on winning the state governments than on the legislative reinforcement.

Although it was formed by politicians who came from MDB or ARENA, the Popular Party is a united party, its top-ranking leaders claim. In addition to that convergence of opposing origins, PP has another feature: the presence within the association of groups from the old Brazilian parties, mainly PSD [Social Democratic Party] and UDN [National Democratic Union].

The leading representatives of the party guarantee that the internal persuasion is democratic. As for the question involving UDN and PSD, they claim that it is merely a matter of Minas.

Leader Thales Ramalho explains: "Minas is a different political nation. Ideologically, PSD and UDN are the same, under the present circumstances. The former struggle was for power; and the people in Minas, attempting to come to power, reached an understanding. I do not discern major difficulties, because this was completely overcome in the party organization. In Minas Gerais, the municipal leaders have reached an understanding and have made the party stronger. It must have the largest number of votes in the state."

The PP's Numbers

The Popular Party has 64 federal deputies and seven senators, "for the present," notes its leader in the Chamber, Thales Ramalho. He is sure that, by 15 November of next year, the final legal date for party options among those entitled to run a

candidate in 1982, his party will have more members in both the Chamber and the Senate.

Until that occurs, PP has seven representatives in the Senate, two indirect and five elected directly. The most senior is the president, Tancredo Neves, 70 years of age and with experience ranging from council member to prime minister of the parliamentarist regime, including membership in the state and federal legislature, and the position of minister of justice during the second presidency of Getulio Vargas.

The most junior senator is leader Gilvan Rocha, representative from Sergipe, who is 48 years old. The remaining five are from 50 to 60 years of age. Three are lawyers, two are engineers and one is a doctor. Two have served as professors, and three are from industry. They all came to the Senate with political experience. Two were state governors, two were secretaries, two were mayors, and four were state or federal deputies. Four came from ARENA and three from MDB.

Chamber

The most senior member in the Chamber is Marshal Paulo Torres, aged 77. The one with the most lengthy record of service is the honorary president, Deputy Magalhaes Pinto, who, at the age of 71, has served as state governor and minister of foreign affairs, having also serving in the Senate.

The lawyers are also in the majority, with 35 representatives. There are 14 professors, nine doctors and six journalists. Of those with more than one profession, nine are in business or industry, and six are engaged in agriculture and livestock.

The majority of the congressmen are between 40 and 49 years old, and number 24. Next, 16 are between 50 and 59 years old; 13 are between 30 and 39; and nine are between 60 and 69. In the first legislature, PP has 33 deputies; in the second, 15; in the third, 13; in the fourth, two; and there are five with five or more legislatures. The deputy leader, Herbert Levy, has the most federal terms: he is holding a seat in the Chamber for the ninth time.

Rio de Janeiro, with 20 deputies, and Minas Gerais, with 17, when combined, have over 50 percent of the party in the Chamber. Para, Mato Grosso, Parana and Santa Catarina have three deputies apiece. Sao Paulo, Bahia, Sergipe, Pernambuco, Rio Grande do Norte and Ceara have two; and Goias, Piaui and Maranhao have one apiece. In the other states, the Popular Party has not yet obtained any federal deputy who would adhere to its program.

2909
CSO: 3001

RIGHT-WING NEWSMAN INTERVIEWED ON POLITICAL PRESS

Brasilia CORREIO BRAZILIENSE in Portuguese 28 Sep 1980 p 4

[Interview with ULTIMA HORA newsman Adirson de Barros by CORREIO BRAZILIENSE; date, time and place not given]

[Text] Abominated by the left, newsman Adirson de Barros of the newspaper ULTIMA HORA of Rio de Janeiro writes a daily column which is religiously consulted by all those wishing to know what the right is thinking or wanting. He, obviously, does not consider himself a right winger but rather an anticommunist democrat interested more in reforms and the solution of Brazilian problems, among which democracy is not a priority except in the long term.

Attacked, calumnied and railed at by all the liberals from the center to the extreme left, Adirson de Barros is, however, an actor with a definite role on the Brazilian political scene. Whether you like him or not, his opinion expresses a political position which is in a greater state of agitation than ever before. And he courageously assumes this uncomfortable position, making it a point to declare that although he has military information sources, he is neither a stool pigeon nor a pimp for them. He writes what he thinks or knows and he signs what he writes.

Some of the gems among the ideas of Adirson are: "Leftists are irresponsible and bohemian. They drink at night and during the day they go to the multinationals. They work for the multinationals or for government agencies, and they would even work for the security agencies if they paid well, however, they do not..."

"Security personnel who fought against the guerrillas have to react against any opening movement because they fear that it will be used against them."

"The Revolution no longer has the support of businessmen or the middleclass, which is the class with real political importance in the country, and it does not have the support of the Church. These were the three forces which carried out the 31 March Movement to save the country from communism."

The Figueiredo Government is isolated "and this reminds me of the Hitler 'bunker' in the last days of the war, already undergoing bombings by allied air power, he still signed orders firing generals on the battlefront..."

[Question] Adirson, you are considered the voice of the radical right, do you consider yourself a radical and extreme rightist man?

[Answer] I consider myself radically democratic. Now it is obvious that generally for the left and the communists everyone who is not a leftist or a communist is from the right, a radical and a right wing extremist. Formerly they sold out to North American imperialism, which no longer exists--it was replaced by Soviet imperialism--and they also sold out to Shell or Esso, something that no longer applies because it is easier today to sell out to PETROBRAS [Brazilian Petroleum Corporation] which is more powerful.

[Question] Did you ever pass through the left?

[Answer] I passed through it a lot, but only to say "goodby."

[Question] From your ideological point of view, how do you describe the Brazilian Left?

[Answer] There are several Brazilian Lefts. There is an intellectual, Marxist Left, which I consider serious. There are few of them. I am going to give you some names as an example. There is no problem...An Antonio Houass, for example, is a respectable man. An Oscar Niemeyer is a respectable man. They are Marxists and respectable. There is another left, the commercial left, the left involved in working, which means the partying left. It is the irresponsible, Bohemian left, which drinks at night and during the day goes to the multinationals, works for the multinationals or government agencies and would even work for the security agencies if they paid enough, which they do not, so as to be able to pay for whiskey and champagne at the bars and nightclubs of the South Zone...

[Question] In terms of political opening, do you or do you not think we are on the right path?

[Answer] I do not believe so...

[Question] How come?

[Answer] I do not believe so. I believe that the political opening is a very generous move by President Figueiredo, however it was not understood by either the sectors of the left or of the Brazilian opposition, which is incompetent and consists of truly incompetent men, and not...

[Question] And not even by the right?

[Answer] And not by the extreme right, to put it that way...I do not believe that an extreme right wing exists in Brazil. Ideologically, an extreme right no longer exists in Brazil except for some remnants of the integralist movement. There is a tailor over there in Curitiba, who appears to be the chief of the movement, the replacement for Plinio. There is no ideological extreme right. To confuse the members of security agencies with rightist extremists is a dangerous error. They are only protecting their own necks. They do not have a right-wing ideology. They are anticommunists by training, just as every Brazilian military man is an anticommunist by training. And they were involved in an underground war against international communist movements in Brazil, which were financed and trained in Cuba, the Soviet Union, Czechoslovakia and so forth. Now those military men and civilians of those security agencies are with a rope around their necks and that is why they react against any movement with an excess of democratization because they fear that one day this country could be controlled by a group from the left. To say that the communists are not a majority in Brazil means nothing. Communism is not even a majority in Russia or any communist country; not even in Cuba, because if there were elections they would not receive more than three or four percent of the votes. However they can very well seize power. They seized it in several countries of the world and they can seize it in Brazil. It is obvious, therefore, that personnel of the security agencies who fought in 1968 and 1973 against guerrilla warfare have to react against any movement of democratization because they fear that such an opening will be used against them.

[Question] Your analysis, then, reveals that for security sectors or for persons, who during the more violent repressive period were in the security agencies and who today are no longer active, there is or would be a real danger that the political opening ordered by President Figueiredo would slide into an uncontrollable situation?

[Answer] Clearly, obviously, there is no doubt. It is not that the Brazilian people are of the left. They are not. Even the Brazilian worker is a reactionary. The Brazilian worker is a conservative of the right, to say it that way. The left does not speak for the workers; what there is, is an attempt to exploit the workers. But the greatest danger, the one which worries the military, the primary concern of the Brazilian military today, and I believe it should be the primary concern of the entire nation, is the subversive activity of the Church in Brazil headed by the well-known communist Cardinal Evaristo Arns, dom Helder Camara and tens of bishops like Hipolito, for example. Adriano Hipolito, from Rio de Janeiro, has already been involved at one time in skirmishes with security agencies. He has just received a check for 1 million marks from a German organization. He went to Germany in May of this year and gave a lecture in Germany, broadcast on television, in which he made an appeal to the Germans to help the Third World. You know that the Third World is used for everything, for any bunko game, the name of the Third World is invoked for any skin game. He managed to take a million marks from the German Catholics, who are generous and naive and do not know Brazil. Then this bishop, who is notoriously communist--and to prove this it is enough to say that his coat of arms is a stylized hammer and sickle--who is notoriously subversive, heads all agitation throughout the Rio de Janeiro Basin. Anyway, this bishop today has a million marks, which means $2.5 million. What is he going to do with it? The pretext for taking all that money was to pay lawyers for the peasants being persecuted by the Brazilian Government. There is no report of any peasants being persecuted in the Rio de Janeiro Basin. There are reports that speak of bandits pursued by the police. Then this money, it is obvious, is destined for communist movements in Brazil. This is being done in the face of the government and no one takes any measures because they are afraid to persecute a priest, as if a priest had immunity. Another example is the subversive priest of Pernambuco, an Italian who refused to celebrate a mass of independence, which means, he slapped the face of the Brazilian nation which harbored him. The Pernambuco security agencies made a complete investigation of his activities from as far back as Italy, where he was born in Sicily, in the Mafia, I do not know where. Gen Florimar Campelo, commander of the Fourth Army, endorsed the dossier of the security agencies and requested in writing--he cannot say this officially but it is the truth--that this priest be expelled from Brazil. Well and good, the matter came to the Ministry of Justice last week. Governor Marcos Maciel, who belongs to the illustrious political class, made peace with don Helder when the Pope visited Recife. Don Helder does not resist government palace, he was born a courtier. He does not resist. He has already given up his fascist-communist past and is now a courtier, an aide to the governor. Then don Helder asked the governor to interfere in the affair. The governor telephoned Sinelio Ribeiro, secretary general of the Ministry of Justice, and asked him to reduce the question to a minor question of municipal scope and to pigeonhole the matter, which up to now is in the office of the minister of justice.

The question then is: Is it a minor municipal matter when a priest, a foreign citizen, who has been in Brazil for a few years with a tourist visa, promotes agitation in the rural areas, strikes in the sugarcane fields and then refuses to celebrate a mass in honor of the independence of the nation which accepted him? Is this a municipal question? Then this country no longer has any honor. As far as Governor Marco Maciel is concerned, it appears the country no longer has any honor.

[Question] Adirson, what is known is that during the period of the clampdown by the regime, the Church activated and promoted a sort of broad front in defense of human rights. However, today it is involved, particularly after the visit by the Pope, in the differentiation between political and ideological positions. That is the reason why a large part of those persons with a community of interests have closed ranks with Lula in the Workers Party [PT]. Do you not believe that the Church is returning to its natural course after the period of greatest repression?

[Answer] I do not believe so. I believe that the presence of the Pope in Brazil was very important. He defined that well but he was not heeded. It is not being respected, at least by the majority of Brazilian bishops. I want to withdraw the case of don Helder because Helder is trying to become a cardinal. He is already 70 years-of-age and wants to be a cardinal. To be a cardinal he has to be less radical, obviously, and he is making up to the government. This is so much so that he no longer accepts invitations to go abroad.

But the case of dom Evaristo Arns...He is the Brazilian Khomeini. He wants to found a theocratic, Marxist state in Brazil.

[Question] Do you believe that he has political power ambitions?

[Answer] Of political power. The Church, let us say of the left to define that of Dom Evaristo Arns, believes that it has the conditions for arriving at power, of seizing power. Therefore, he is seeking power. The ecclesiastical rank and file communities are nothing more or less than the old Communist Party cells we have known for many years except that they are more dangerous because they are Catholic cells, which means that they manage to involve the Brazilian Catholic community entirely. Almost all of them are of the extreme left and to confirm this it is only necessary to read the texts produced by the CNBB [National Conference of Brazilian Bishops] which is the Church "politburo" in Brazil, of the church of the left. It is enough to read the books the CNBB prepares through Northeast-1, Northeast-2, Southeast-1 and Southeast-2, the entities used to evangelize the children, evangelize the Indians, evangelize the poor of the Amazon Region. They are Marxist books written by communists and not by priests, not by Catholics. Christ and Mary are used to imbue people with a Marxist mentality. Then the Church, that church of the left, has one objective, the installation of a Marxist-Christian regime in Brazil, probably under the leadership of Cardinal Arnes, if he were still in Brazil by then.

[Question] In the column in ULTIMA HORA you continue to attack the Church which you consider the left, the communists, however, you also attack the economic policy of the government violently. Do you believe that this economic policy is also a factor for destabilization of the system?

[Answer] Obviously, obviously it is.

[Question] Explain it...

[Answer] With an inflation of 120 percent...and that is the official inflation because real inflation is much greater since there are prices and fixed prices. For example, the price of beans is not used in computing inflation by the Getulio Vargas Foundation [FGV]. Beans are not considered even though black beans weigh heavily in inflation in Rio de Janeiro. Powdered milk has a fixed price and has vanished from the market. If the prices are fixed, the product vanishes. Therefore, real inflation is obviously much greater than officially announced by the FGV. Then, the economic policy, not only in my opinion but in the opinion of all the Brazilian population, which is suffering the effects of shortages, of the high cost of living; in the opinion of practically all the businessmen who have disassociated themselves from the government of the Revolution, they who were the mainstay of the 31 March revolutionary movement, are all, practically all, against the government [Sentence as published]. Some say it publicly, as does Erminio de Morais, who is independent and more courageous. Others simply do not speak because they owe the Bank of Brazil and are afraid of foreclosure. However, talking with any Brazilian businessmen it is seen that they are all against it. The middleclass, which was another support of the revolution, was martyred by that economic policy, not only this policy of the Figueiredo Government but that of all the revolutionary governments, particularly that of the Geisel Government. This middleclass is having its savings destroyed because they have an inflation rate of 120 percent and a savings return of 55 percent. Therefore, it withdraws its support from the government entirely and would vote for the opposition if the polls were to be opened tomorrow. There is no doubt whatever. As happened in 1974, it is going to vote more overwhelmingly now. The Figueiredo Government and the revolution are without support, they do not have a base of support.

[Question] In your analysis, they are isolated...

[Answer] Exactly, they do not have the support of businessmen, they do not have the support of the middleclass, which is the class which truly has political importance in the country, and they do not have the support of the Church. These three forces carried out the 31 March movement to save the country from communism.

[Question] Then how can a practically isolated government, practically in a vacuum, according to your definition, carry out a plan of political opening?

[Answer] Because it has the support of the Armed Forces military system. That and nothing more. The Figueiredo Government is supported only and exclusively by the armed forces. Now I do not know up to what point the armed forces can maintain the Figueiredo Government against everything and everyone: against the political class, against the business class, against the middleclass, against the working class, which is obviously being manipulated by the left and by the church, and against the church of the left, which is the majority, and against the CNBB, which is the political party of the Church.

[Question] Then you do not see a solution within that picture?

[Answer] I do not see a peaceful solution. There is always a solution...

[Question] Within that view that there can be a solution, but not peaceful, for the present crisis, do the bombs being thrown now mean the creaking of that nonpeaceful door?

[Answer] I do not know because up to now the Federal Police...

[Question] How do you view those bombs?

[Answer] A bomb can be thrown by a lunatic, a madman, an insane person, or it could be a political protest in a way, whether it be from the right, the left or even from the center. Up to now no one has aired the hypothesis that the bomb could be from the center. The bomb, for example, could come from Tancredo because a bomb would place the government against the wall and the government would be forced to come to a political agreement with the PP [Popular Party] and Tancredo would become a minister. Then who knows that the bomb did not come from Tancredo, was not made in the laboratories of Minas Gerais? It could be that also. It is a hypothesis, and all hypotheses are valid. The fact is that up to now the origins of the bomb have not been discovered.

[Question] But is it a political protest?

[Answer] It is a political protest, a political ploy, unless it is the work of a lunatic. Was it meant to kill the president of the Brazilian Bar Association [OAB]? I do not know. Was it from the left or the right? No one knows. The OAB, which is one of the leftist organizations of the country today, which plays the game of the left, considers itself the victim of the right. Why? If it considers itself the victim of the right, if it believes the bomb came from the right, it is because it is an entity of the left. It confesses that it is an entity that plays the game of the left. However, I do not understand it to be that way.

I believe that the OAB is a conservative organization, a national institution of great importance, and the right generally respects the institutions. The left does have the objective of destroying national institutions in any country of the world, the right does not. It respects Freemasonry, the Bar Association, the Institute of Lawyers, in short, all the great institutions.

[Question] But do you not even accept the hypothesis that the personnel who feel their neck is in danger could be protesting through those means?

[Answer] It is also possible and if I were in their place I would do the same thing. It is obvious that I would be protesting because I would not be happy with the situation the country is now undergoing.

[Question] Then, based on the isolation of the government which bars that political plan from having a peaceful solution, according to your opinion, the PDS [Social Democratic Party] and the 1982 elections are all a chimera?

[Answer] This reminds me of Hitler in the bunker already being bombed by allied air forces. With Russian troops 2 kilometers away from the bunker, he was calling Martin Bormann and signing orders firing generals on the battlefront in Russia. And Martin Bormann obeyed because they were all afraid of him until the last minute, until he died. Obviously he would go out with the orders but did not even reach the door with them. The orders were never transmitted. This means that Hitler continued to run Germany, the war and everything, with allied air forces already bombing the bunker.

[Question] But do you see some relationship between the Figueiredo Government and that situation?

[Answer] No, no, no, no. It is more or less this: I knew, for example, that within the framework of the government they are already planning the political situation of 1982. There are people making statistical estimates as to how much the PDS could have in Rio, Sergipe, Rio Grande do Sul and so forth. However, no one knows if Brazil is going to survive the war of Iraq because we have fuel stocks for 2 or 3 months, or 109 days, according to Minister Cesar Cals with his extraordinary mathematical accuracy; 102 days plus a few hours perhaps...We are not paying attention to the war, which is the number one problem of this country, and we are involved in the Middle East War as is the entire world. But we are also involved because of the incompetence of the oleocrats of PETROBRAS, who tied us down to a 50-percent dependence on a single country, an unstable irresponsible country such as Iraq, which is also bound to the foreign policy of the Soviet Union. Therefore,

we are in the war. We do not have soldiers over there but we have our petroleum blocked and if that war lasts another 3 months, the country is going to come to a standstill; it is going to sink. While this is going on, there are technicians, political experts of the government, making estimates on the PDS. This means that they are looking only at 1982, but we do not know if we are going to reach 1981 safely. And they are making calculations for 1982: candidacies, candidates, schemes, alliances, statistical estimates as to where the PDS is going to win, how many councilmen, and so forth. They are programing the electoral college for the succession to President Figueiredo.

[Question] That is the spirit of the bunker?

[Answer] That is the spirit of the bunker, it seems to me. They are planning on an unreal country. That country does not exist. This country is a country which has a 120-percent inflation rate today; it has 40 million illiterates, 30 million diseased persons, and 15 million people without schools, and no one thinks of that because no importance at all is attributed to education. And I am not being a reactionary. I beg the left's pardon but they obviously do not concern themselves with those problems. Then this country is undergoing a grave economic and social crisis and is involved in a world war today, the war of petroleum, and it could come to a standstill tomorrow. While this is going on, the political analysts of the government are making statistical calculations on the PDS. If the country runs the risk of not reaching 1981, what would the PDS or PP say?

I was in the Senate yesterday, one of the most lamentable things. They were discussing tommyrot, completely out of touch with reality; they know nothing. Well, it seems to me that government personnel do not know anything either because from what we have seen in the past few days in matters of information about the Middle East, I had a feeling of wanting to buy an atlas from the "Melhoramentos" [Improvement] Edition and sending it to them with some arrows pointing out where the Straits of Hormuz, the Persian Gulf and the exits to the Mediterranean are. This was because even the minister of state was saying that there will be no problem whatever for Brazil. PETROBRAS, for example, declares that there will be no problem whatever for Brazil. Who guarantees that?

No one can guarantee it. And we heard the irresponsible statements by Brazilian Government authorities. This is irresponsibility. The government has to make the people aware of the gravity of the crisis. It has to make them aware of the gravity of the situation. We are in a war. There is no talk of rationing, which is a forbidden word erased from the official dictionary as if it were a dirty word. We are in a war and in a war we are forced to ration. The government will have to put rationing into effect whether it wants to or not.

[Question] With or without war?

[Answer] With or without war because it does not help. We do not have the money to pay for petroleum. However, while all this is going on, the PDS is being taken care of, it is very important...

[Question] Let us return to the situation of the bunker here. Adirson, do you not acknowledge that there are serious people in the opposition and even in the left with reasonable proposals for the Brazilian situation?

[Answer] Well, there are serious people, obviously. The opposition has many serious people as does the government party also. It would be boring to list here the senators, deputies and public men of the opposition who are very serious, who have made their suggestions, generally as much out of touch and removed from reality as the politicians of the PDS. I find the political class removed from reality. It is very concerned with its immediate problems, with its political future and obviously poorly informed. The Congress is an institution which knows absolutely nothing. It is truly poorly informed. Therefore, they cannot make specific realistic proposals on Brazilian problems.

[Question] In your opinion, the completely alienated and uninformed political class is not helping or benefitting from the political opening. Does that mean that only the military is supporting the political opening?

[Answer] Exclusively the military. The political class, because of misinformation, because of incompetence and because of incapacity is absolutely not helping in any way for the political opening. Even Saturnino Braga, who is a serious politician, even being a man of the left, in a televised interview last week confessed with all tranquility that the political contacts he is maintaining in Rio de Janeiro have led him to conclude that the people do not even want to hear talk about politics. The people are primarily concerned with the cost of living, and number two, with schools, health, welfare, pollution and so forth. The people do not want to know about politics, about the PDS, the PT Chagas Freitas or similar things. The people are completely alienated from national political problems. He went as far as to say, surprising even Villas-Boas, that if it were up to the people, there would be no opening. The people are little concerned whether the opening will continue or whether a dictatorship of the right or left is going to be installed in Brazil, it makes no difference. The people are concerned with their immediate problems, with the day-to-day problems; with an inflation of 120 percent which is the real bomb. The OAB bomb is a miniscule bomb compared to the inflationary bomb, inflation is the real bomb.

[Question] If, according to Saturnino, the people are not interested in the opening, and according to you, neither is the left, the Church, the middleclass or the workers, how can you explain the position of President Figueiredo?

[Answer] The president has a political commitment to the nation to install a democratic regime, something which is a duty of all, let us say, of all the elites with the exception of the left, of course, which has the so-called dictatorship of the proletariat, actually the dictatorship of the technocrats of the left. However, I believe the armed forces are bent on creating a democracy in Brazil. Only it is not easy, because it is not easy...democracy is a "tender plant," as the elderly Otavio Mangabeira said and is a system which requires national prosperity. Democracy cannot be brought about in a country of 120 million inhabitants of which 40 million, according to the IBGE [Brazilian Institute of Geography and Statistics], are completely left out of the process of production, of the economic process. Therefore, you absolutely cannot build a democracy with juvenile delinquents in the streets of Rio and Sao Paulo and with 30 million children out of schools.

[Question] Within this context, how do you view the struggle of the politicians, primarily those of the opposition, for the reestablishment of the prerogatives of Congress?

[Answer] They want to be immune from criminal prosecution? This is the prerogative they want, which means a privilege because the constitution says that all are equal before the law. Exempt the political class? They may not be prosecuted for calumny, libel and defamation? At least they do not want that, right? Then is that democracy? In my opinion it is not. A democracy of that type is truly impractical.

[Question] You do not believe there is a peaceful solution to that crisis. Does that mean that you see a clampdown by the regime, also with violence? Do you advocate violence?

[Answer] I am absolutely against violence. If I were in favor of violence I would already be in the front in this war...

[Question] Throwing bombs...

[Answer] Even throwing bombs. Since I am antiviolence, I am peaceful, then, obviously, I cannot believe that the country is entering a new phase of violence. I also believe the armed forces are able and determined to prevent that. Now, what is the system that could come instead of the so-called opening, instead of democracy which has not arrived yet and will never arrive...

[Question] But in the long term?

[Answer] A long term, yes, obviously, but I believe that the most important thing is not the opening or the prerogatives of Congress. It is there that I say there is a distance between the political elites and the national situation. The important things in this country are not the prerogatives of the National Congress. The people are not concerned about that nor do they know what the word "prerogatives" means, not even the students of MOBRAL [Brazilian Literacy Movement], who are very intelligent, are capable of deciphering that word. They do not know. Therefore, there is a great distance between the political class, including the government,and national reality. Obviously, therefore, we are not going to create any democracy, that is an illusion. We are only supporting a regime of democratic opening because there was a regime which clamped down for some years with AI-5 [Institutional Act 5]. AI-5 was abolished, press censorship was revoked--there is even an excess of freedom, with censors now being preoccupied with not censoring because they now have a censorship complex.

[Question] They are inhibited?

[Answer] They are inhibited, constrained. They are inhibited, they feel ashamed, embarrassed at censoring something and so they censor nothing at a time when censorship should exist on radio, television and so forth; not the press, but radio and television obviously have to be censored. RADIO MEC broadcasts Marxist texts daily. Recently...and RADIO MEC is Radio Ministry of Education! Recently it interviewed the illustrious historian, Nelson Werneck Sodre, who is even mentioned in the Soviet encyclopedia as our best historian. This on a government radio station! RADIO JORNAL DO BRASIL of Belo Horizonte, recently, some 15 days ago, broadcast a text of the Brazilian Revolutionary Communist Party (PCBR), a manifesto to the nation! There is no censorship, why? Why is there no longer any censorship of the cinema? We are now going to experience the era of pornography that Portugal experienced after the communist revolution of April 1973, an excess of pornography and so forth. Now, returning to the question of an opening, we are only in a process of opening, in an experience of an opening, which could or could not work. In my opinion it is not going to work despite the good intentions of the president, his honesty and the intentions of the armed forces, because there is an economic-social reality in the country, in the first place, and in the second, there is an international reality, which does not permit it, added to the problem of petroleum and the economic impasses we are experiencing--this is so much so that next year we are not going to have any credit unless we go to the IMF. In the third place, there is the reality of the Brazilian extreme left, today manipulated by the Catholic Church, by the so-called Marxist Church headed by the CNBB. You spoke of a party a short while ago about, about what is being done in the bunker with respect to the future being planned for the PDS. The party of the future in Brazil is not the PDS but the PP...

[Question] The PP?

[Answer] The PP, the government ignored Lula...

[Question] You are talking about the PT.

[Answer] The PT, the workers party, is it not? It is the party of the future because it is the party of the leftist church. Therefore, this is the party which is being formed on the basis of communities in districts throughout the country. In Petropolis, where I spend my weekends, Brother Leonardo Boff, a well-known communist, is putting together the party of Lula. The PT is being organized throughout Brazil. In Sao Paulo it is Cardinal Arns and all his red bishops.

[Question] Then you believe that this opening is being prepared only for the PT?

[Answer] I believe that it will be the main beneficiary of the opening in the long run. It is going to be the great national party, not the PTB [Brazilian Labor Party] of Dona Ivete, which has not the slightest national influence; not in Sao Paulo or any other place because she is only the heiress of an illustrious name, and certainly it is not the PP of Minas Gerais or the PDS, which is a party predestined to disappear.

8908
CSO: 3001

CONTINUING REPORTAGE ON TRADE WITH EAST EUROPE, USSR

## Exports to East Europe Up

Rio de Janeiro O GLOBO in Portuguese 5 Oct 80 p 36

[Text] Brasilia--Brazilian exports to the East European countries increased 35 percent during the first half of this year, in comparison with the same period last year; while the overall trade increased 31 percent during the same interval. According to Itamaraty, that progress reflects the resumption of the high rates of exchange recorded up until 1976, after which there was a decline.

Even last year, the trade with the Socialist European countries showed an advance of 32.6 percent in comparison with that in 1978. In absolute figures, the total trade increased from $1 billion in 1978 to $1.3 billion in 1979, a figure rather close to the record in 1976, which was $1.349 billion.

This year, the prospects are even better, because during the first half of 1980 alone, the trade with the East European countries (East Germany, Bulgaria, Hungary, Yugoslavia, Poland, Romania, Czechoslovakia and the Soviet Union) amounted to $744.428 million, as compared with $564.965 million during the first half of 1979. In the same period, the total Brazilian exports amounted to $455 million in 1979 and approximately $616 million in 1980. Hence, there are indications that the trade with East Europe will set a new record.

### Consecutive Contacts

More recently, the trade relations with East Europe began progressing so well that the fact caused a certain amount of euphoria at Itamaraty. In the midst of that enthusiasm, one diplomat in the area went so far as to state:

"In 20 years of relations, we have not observed such great dynamism as is anticipated for the months of September, October and November of this year."

The expert cited the number of contacts between Brazil and the Socialist countries of Europe, through diplomatic and commercial missions, and the holding of trade fairs, displays, exhibitions and meetings of joint commissions and, in particular, business commissions.

To indicate the frequency with which the contacts have been made, Itamaraty listed some of them: From 2 to 5 September, a mission from the Ministry of Agriculture

was in East Berlin to negotiate the sale of agricultural products; on 5 September, the chief of Itamaraty's European Department, Ambassador Ivan Bataglia, visited Yugoslavia to make official contacts between the two governments; from 1 to 5 September, the secretary-general of the Finance Ministry, Eduardo de Carvalho, headed a mission to Warsaw, charged with negotiating a long-term supply of sulfur (an essential fertilizer for Brazilian agriculture); from 8 to 11 September, the Brazil-Hungary Joint Commission met in Budapest; from 12 to 16 September, it was the turn of the Brazil-GDR Joint Commission, which met in East Berlin; between 17 and 19 September, Minister Cesar Cals was in Czechoslovakia, heading a mission assigned to negotiate an exchange in the iron and steel area; from 12 to 21 September, Brazil participated in the International Fair at Zagreb, Yugoslavia; and, starting on 26 September, it particiapted in the International Fairs in Plovdiv, and Budapest, Hungary.

Also in September, a mission consisting of 20 Brazilian politicians participated in an interparliamentary conference held in East Berlin, proceeding from there to visit Romania, Czechoslovakia and Poland.

The following contacts with Socialist Europe are scheduled for this month: from 4 to 12 October, a visit to Brazil by the Soviet deputy minister for iron and steel, N.A. Tulin. He arrived in Sao Paulo yesterday, at the invitation of the Brazilian Mining and Metallurgy Company (CBMM). He will next go to Brasilia, for talks with the government. From 6 to 10 October, Brazil will be participating, through 235 firms represented by the Comexport Trading Company, in a commercial exhibit in Warsaw, wherein Brazilian products ranging from toilet soap, textiles and ready-made clothing to bicycles, motorcycles, automobiles, buses and minibuses will be displayed. Between 26 and 29 October, some of those products will be exhibited at a "sectorial consumer goods fair" sponsored by the Brazilian Embassy in Moscow. From 9 to 13 October, a mission headed by the president of SIDERBRAS [Brazilian Iron and Steel Corporation], Henrique Brandao Cavalcanti, and the president of CSN [National Iron and Steel Company], Benjamin Mario Batista, will go to Poland, for the purpose of inspecting the Brazilian-Polish operations in the areas of iron ore and coal.

Almost simultaneously, the Brazil-Yugoslavia Joint Commission will be meeting in Brasilia to discuss the expansion of bilateral trade, under the direction of the minister for cooperation with the developing countries, Vuko Dragasevic.

Scheduled for next month is a visit from the undersecretary of foreign trade of East Germany, Gerhard Beil.

New Business

According to Itamaraty, the unprecedented number of contacts between Brazil and the East European countries means, of course, that business is progressing very well. For example, during the meeting of the Brazil-Hungary Joint Commission, from 8 to 11 September of this year, in Budapest, the long-term sale of Brazilian iron ore, starting in 1981, was arranged.

A joint operation involving Brasilinvest and Metrimpex was negotiated in the field of civil engineering on third markets, initially in Africa and the Middle East.

Other Sao Paulo companies are studying an association with the Hungarians, also in the civil construction sector, especially in connection with the construction of hydroelectric facilities, schools, hospitals, transmission lines, railroads and highways.

In Budapest, there was also negotiated an association between Brasilinvest (which will be turned over to a firm affiliated with the group) and a Hungarian enterprise, for the manufacture of incandescent light bulbs in Brazil. The Hungarian Government is also interested in the creation of a joint firm for exploration and processing of coal, including the transfer of Hungarian technology. In the agroindustrial field, a Brazilian-Hungarian firm is due to be created in Goias, for the exploitation of hogs. Finally, the two countries are in the process of concluding long-term contracts for Brazilian exports of agricultural and iron ore products, manufactures in general, textiles and footwear. Recently, INTERBRAS [PETROBRAS International Trade, Inc] concluded negotiations with Hungary for the supplying of automobile and bicycle accessories at a price of $6 million.

During the meeting of the Brazil-East Germany Joint Commission, held from 12 to 16 September, an agreement on cooperation was signed between the National Confederation of Industries and its German counterpart, to facilitate the contacts and negotiations between the business firms of both countries. An evaluation was made of the results of a memorandum of understanding signed in 1978 between firms of the two nations, and the conclusion was reached that, by 1983, the Brazilian and German firms will have done business amounting to $5 billion.

The Brazilian delegation, comprised of diplomats and business owners, also arranged joint operations on third markets with the GDR, with an immediate association between Brasilinvest and German firms for the construction of a cement factory in Peru.

## Polish Ship Sales Promoted

Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Oct 80 p 18

[Text] Brasilia—The government of Poland, through its official bank, has placed at the disposal of Brazilian shippers a line of credit amounting to $150 million, to finance the purchase of 12 ships to be manufactured by Polish shipyards. A proposal for this has already been received by the Ministry of Transportation, and sent to the National Merchant Marine Superintendency (SUNAMAM), which is examining the financing terms.

This information was provided yesterday by the secretary of international affairs of the Ministry of Trnasportation, Mr Vande Lages Magalhaes, who considered the Polish financing terms, from the standpoint of time period, interest and waiting interval "better than the normal ones on the international market." If that financing is accepted by the Brazilian authorities, it will be made directly to the shippers, through the intervention of SUNAMAM.

As a result of the interest of the Brazilian and Polish Governments in intensifying bilateral trade, the line of credit of $150 million will be earmarked to finance 12 special vessels not produced in Brazil, such as two ships with a reinforced hull for breaking ice (Iceclass type), used on some frozen routes, container-carrier

ships, vessels for transporting cellulose and propane ships (for gas transportation). Mr Vande Lages Magalhaes added that the credit line from the Polish Government to Brazilian shippers will cover only part of the total cost of the 12 ships, the estimated unit cost of which is $30 million.

A Brazilian mission headed by the superintendent of SUNAMAM, Comdr Joao Carlos Palhares, will go to Warsaw this week to discuss the terms for implementation of the maritime transportation agreement signed between the two countries in 1977, It has not yet gone into effect, having been postponed for a week at the request of the Polish Government itself.

## Oil From USSR, Angola

Rio de Janeiro O GLOBO in Portuguese 8 Oct 80 p 22

[Text] Yesterday, PETROBRAS [Brazilian Petroleum Corporation] signed two more contracts for the purchase of oil abroad, this time with the Soviet Union (for 20,000 barrels per day) and Angola (for 8,000 barrels per day). The new contracts raise to 135,000 barrels per day the supply assigned to meet the volume of 200,000 barrels authorized by the National Energy Commission (CNE).

The remaining 65,000 barrels are being negotiated with other producing countries, and it is anticipated that the deals will be closed by the middle of the month. PETROBRAS also renewed the contract with China, guaranteeing a supply of 18,000 barrels per day by the end of the year.

Supplies

Last week, contracts were concluded for a total of 117,000 barrels per day with Indonesia (45,000), Gabon (38,000), Saudi Arabia (20,000), Ecuador (10,000) and Venezuela (4,000). Although the deficit left by Iraq is 400,000 barrels per day, the government has decided to obtain from other sources only 200,000, inasmuch as the remaining 20,000 may be saved by the measures limiting consumption.

Starting in November, executives from PETROBRAS will begin a series of trips to the supplying countries, in order to sign contracts for 1981. They will attempt to close deals to bring the total supply to about 800,000 barrels per day, at the instruction of the federal government.

## Titanium Exports to USSR

Brasilia CORREIO BRAZILIENSE in Portuguese 8 Oct 80 p 6

[Text] Campinas--Brazil may sign an agreement with the Soviet Union for scientific and technical cooperation and, as a result, become the largest titanium exporter in the world. The possibility arose yesterday, in the Eletrometal plant in the municipality of Sumare, during the visit of a Soviet delegation headed by the deputy minister of iron and steel, N. Tulin.

After they toured the Eletrometal vacuum metallurgy unit (which they claimed was more advanced than that of their country), the Soviets made the proposal for cooperation which, if accepted by the Brazilian Government, would make it possible to produce and export titanium metal.

With the largest titanium reserves in the world, Brazil does not have the technology for making the "sponge" which is used for the manufacture of titanium metal. In Eletrometal's vacuum metallurgy unit, the sponge can be converted into metal in an amount 20 times larger than the country's domestic consumption. The firm wants the technology for making sponge from the crude ore.

Tourists

The Soviet delegation spent all of yesterday morning at Eletrometal, but none of its members spoke with reporters, because they were all in Brazil merely as tourists. According to the president of Eletrometal, Jose Diniz de Sousa, the proposal was made at the conclusion of the visit. The Soviets initially offered cooperation in the technology for smelting and resmelting with plasma and smelting with the electron beam process.

The president of Eletrometal suggested that the cooperation be carried out in the area of titanium; and the Soviets, who export 60 percent of the titanium in the world, agreed. Lighter than steel and heavier than aluminum, titanium has applications in the aeronautical, petrochemical, chemical and weaponry industries. It is with titanium that the Soviet Union makes its missiles.

## Trade With East Europe

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Oct 80 p 28

[Text] The commercial exchanges between Brazil and East Europe have developed gradually. And they reached their height, from both a national and an international standpoint, when President Castello Branco appointed the then minister of planning, Roberto de Oliveira Campos, to head the Brazilian trade mission which went to Moscow. This is because, since he was an expert of recognized international repute known to have a liberal attitude, and had previously been Brazil's ambassador to Washington, his appointment as head of that trade mission had major positive repercussions.

Roberto Cmapos proved, during his visit to Moscow, that a statesman plays a constructive role in economic and trade relations, not depending, for his success, on political or philosophical preconceptions, but only on trade relations. Castello Branco assigned the mission to Roberto Campos because he was aware not only of his objectivity, but also of his lack of doctrinal preconceptions with regard to trade relations.

Russia is one of the communist countries which has maintained exchanges with Brazil in convertible currencies. This situation is advantageous to us, but it is in our inteest that constant purchases and sales be made, so as thereby to strengthen our position with respect to the leading exporters. Moreover, from the Brazilian standpoint, the benefit of multiplying our sources of purchases and also of exports has been understood. Our commercial exchanges with the Soviet Union, Yugoslavia (dissident), Romania (half dissident) and orthodox Czechoslovakia have been maintained in convertible currencies. With East Germany, potentially a major exporter of manufactured items and an importer of agricultural and livestock products, the currency is that agreed upon. Hence, we have a surplus which can only be eliminated with large discounts, which virtually force us to pay considerably higher prices than the international ones. Therefore, we should establish as a principle that of making exchanges solely in convertible currencies, and this applies to all countries.
2909
CSO: 3001

## NIGERIA SEEKS INCREASED EXCHANGE OF GOODS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Sep 80 p 25

[Text] Rio de Janeiro--Nigeria hopes that its bilateral trade with Brazil will reach about $500 million this year, the ambassador to Brazil from that country, Timothy Anaele Mgbolowere, announced yesterday in Rio, where he welcomed a Nigerian parliamentary mission en route to Brasilia. Stressing that if this goal is achieved, Brazil would become the second-largest Latin American exporter to Nigeria (Argentina ranks first), Mgbolowere said that the steady increase in trade between the two countries is the result of the policy of closer relations which has been pursued for some time.

"Brazil's exports to Nigeria totaled only $500,000 U.S. in 1971. In 1978, however, the total came to $233 million U.S., and for this year, on the basis of the data available now, we hope that our bilateral trade will reach the $500 million U.S. level," he stressed.

Noting that currently the trade balance favors Brazil, the Nigerian ambassador said that in addition to the parliamentary delegation which arrived yesterday, another 10, each comprising a specific commission, will visit Brazil by the end of October. He confirmed that the ministers of agriculture and communications will also visit Brazil before the end of the year.

Currently Nigeria is exporting oil (40,000 barrels per day) and rubber to Brazil. In exchange, it imports various manufactured products, foodstuffs, automobiles, buses and trucks, among other items.

A delegation of 13 parliamentarians, members of the science and technology committee of the Nigerian Chamber of Deputies, arrived in Brasilia yesterday and visited the national congress, the Itamaraty Palace, and the SERPRO [Federal Data Processing Service] in the afternoon. The head of the delegation, Sam Alu, said that the purpose of the trip to Brazil was to discuss problems related to development in the science and technology sector. He added that Nigeria is very interested in exploring certain areas of mutual cooperation, in order to expand the trade relations between the two countries.

5157
CSO: 3001

## DELAY IN OBTAINING OIL SUBSTITUTE MAY CREATE DIFFICULTIES

### Lack of Decision Observed

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Oct 80 p 26

[Text] The delay in substituting other energy sources for fuel oil could create an extremely difficult situation for national industry, which would be forced to halt its activities if there were to be a cutoff or a substantial reduction in supplies of petroleum to the country. Alternate sources exist and are even viable, however, lack of planning (transport, supply and resources) and clear guidelines is driving industrialists to despair. Substituting other sources for petroleum is risky and frequently too costly without government help. Ironically, moreover, while the businessman hesitates, authorities enclosed within the four walls of their offices in Brasilia,threaten to punish him. In view of that situation, one cannot expect a significant reduction in consumption in coming years, despite the initial efforts of sectors such as cement, iron and steel and paper.

The problem, which affects everyone, is the lack of guidelines. Plans exist, and depending on the choice of any one of them, one can opt for results which are more and more dazzling despite being utopian. An example of inertia is the long-awaited decision by the government to substitute coal for fuel petroleum.

There can be no thought of coal for the great urban centers such as Sao Paulo, warns Horacio Cherkasky, president of the National Union and Association of Paper and Cellulose Manufacturers. According to him, it is obvious that coal should not be transported to Sao Paulo "because we would be hauling ashes at a very high cost."

The solution is gas from coal, says Cherkasky. This is also the opinion Francisco Lotufo Filho of the Union of the Ceramics Industry for Construction and of Luiz Prestes Barra, president of the Union of the Ceramic Tile Industry. But, supposing that coal gas is the alternative chosen by the government (and up to now the government has not made a decision, say the businessmen), how is the gas going to reach Sao Paulo?

The question by industrialists is valid. Secretary of Industry and Commerce of Sao Paulo, Oswaldo Palma, speaks of a gas pipeline running through the states of the southern part of the country to the great urban centers. The National Energy Commission [CNE], particularly Professor Celestino Rodriques, speaks of a gas pipeline (natural gas) coming from Argentina, passing through Foz de Iguacu and avoiding the southern states. There are those who say we should wait for the gas pipeline coming from Bolivia. Since everyone talks and nothing is decided, the industrialists wait and the substitution goals remain on paper and in speeches.

The more daring industrialists, those most concerned with the survival of their companies, have opted for individual solutions. In the ceramics sector, for example, several factories are opting for electric furnaces. The demand for power for industrial purposes has grown and the electric power concessionaires are now beginning to see their deficits aggravated and are beginning to prohibit any conversion above a certain level. And the industrialists remain even more confused. There is talk of using wood. However, there is no industrialist interested in running the danger of investing in the conversion of his equipment without first having supplies assured, at least not in the big cities. No one in Brazil is guaranteeing anything today, and those businessmen are waiting.

"It is necessary to put an end for once and for all to that debilitating inertia, that general sedative applied to society. It is not only a Brazilian phenomenon, it is general. This already-existing crisis is not being taken very seriously," declares Professor Alberto Pereira de Castro, director superintendent of the Technological Research Institute [IPT] of the University of Sao Paulo.

The professor is not being an alarmist. He explains only that in his opinion the government, industry and research institutes should become real members of a state of general mobilization: "A mobilization such as that of 1945, a mobilization of emergency, of a state of war. President Joao Figueiredo has already spoken of a state of war but few actually heard him," he says.

Research laboratories and institutes know that in these modern times they need to abandon their traditional academic activity and turn to practical results, which must be discussed vigorously with industry, continues the superintendent of the IPT. The professor thinks back to 1932 because "it was there that the IPT was born and the older people can evaluate its contribution to the mobilization and integration of research, development and industry."

Unless it is for the cement and the iron and steel sectors, up to now there is no overall planning at the government level for a reduction in the use of fuel oil. There are not even any projections as to how much industry as a whole could economize. The Ministry of Industry and Commerce acknowledges that it is not possible to substitute for the fuel used by the industrial sector "from one day to the next." It also admits that a substantial reduction in the use of fuels will only be possible in the medium and long terms by means of the use of other energy produ[illegible], something which implies great expenditures.

Gen Oziel de Almeida of the National Petroleum Council [CNP], does not think that way. Supporting him is Professor Celestino Rodrigues of the CNE. Both declared recently that the government intends to punish the industries which did not stop using fuel oil. The general, however, went even further: "No industry which uses fuel oil in its activities may continue to use it after 1 January 1981." It is either a joke--if the general is speaking seriously the entire country will come to a standstill next year--or it is an error of speech by the general, who could have been referring only to the grain-drying sector.

The general makes no distinction and places even those companies which already have signed agreements with the government on the same level. Threats like those worry the industrialists. Horacio Cherkasky, for example, declares that his greatest fear is that the CNP in an emergency situation will cut the supply of petroleum across the board, making no distinction between those who are already investing in conversion and those who are not. "In an impulsive and emotional action, anything can be expected. After all, Brasilia is a long ways from Brazil," comments another businessman who did not identify himself so that he would not be deprived of fuel oil.

In that confused picture, it cannot be denied that the sectors which consume the most fuel oil (cement and iron and steel industries), are engaged in a serious program. Paper and cellulose should follow the same road and assume very significant commitments. There remains, however, a large variety of industrial sectors and within them a large variety of industries of different sizes in different regions. Despite everything, it will not be difficult to reduce national dependence in the medium range (by 1985), because it is known that just 200 national industries alone use nearly 70 percent of the total. Only a coordinated and intelligent action to make a decision is lacking. Brazil lacks that today say the businessmen, and it is there "that the burro balks," concluded another businessman.

Best Alternative Still Unknown

Only times of abundance and bonanza could have led an entire industrial sector using lumber as its primary raw material to believe that it was easier and more economical to burn fuel oil in their boilers. The situation has changed today and the paper and cellulose manufacturers already know that they can obtain alternative lumber byproducts to burn to replace increasingly scarce and expensive fuel oil.

Evidence that industry, in order to guarantee its economic-financial survival in the medium term, is seeking practical solutions, lies in the goals the sector has set for the next 5 years. The intent is to reduce present fuel oil consumption to 50 percent in 1985. Today the paper and cellulose industry consumes nearly 1.1 million tons per year and it intends to consume only 564,000 tons in 1985, which should even change the profile of great industrial consumers of that petroleum byproduct, among whom the paper and cellulose sector is now included with a significant seven percent of total consumption.

The paper and cellulose industry--It has already prepared a document of intentions to save oil but has not yet signed it with the CNE--is ahead of any decision by the government. "What exists is a lack of coordination between the will and ability to do something and the decisions required for beginning to do it," declares Horacio Cherkasky, president of the National Union and Association of Paper and Cellulose Manufacturers.

The sector did not wait for guidelines and by anticipating them it generated some serious concerns for itself: When will federal resources be released to cover part of the financing already contracted for? Are options for alternate sources already made by industries the best ones? What are the guarantees of supply? Will the industries already engaged in processes of conservation and conversion from fuel oil be benefitted in case the government were forced to make cuts in the present amounts of oil?

Despite this insecurity, the sector is investing heavily. A very recent survey by the National Association of Paper and Cellulose Manufacturers indicates that the sector is spending 14 million in ORTN [National Treasury Notes] for equipment for substituting for nearly 50 percent of the present oil consumption, without taking into account the rationalizations which may be made in the future. In addition, the survey showed that the sector is very concentrated and that only 35 companies represent 80 percent of the overall consumption of the sector.

The survey made among industries concluded that 23 companies have already contracted for boilers that burn wood, which up to January 1983 (when all will already have been installed), will be burning 330,000 cubic meters of wood per month all together. Another 15 similar boilers are planned for complementing and replacing those now installed. Another six boilers (three already contracted for) will use coal. Some companies also elected to use other energy sources such as electric power, alcohol or bagasse.

The survey made by the association of companies shows that of a total of 83 companies of the sector 55 percent do not believe it will be possible to reduce consumption by 80 percent by 1986, while the rest believe it will. As for the reasons given for not believing in the goals of the sector, the main one indicated raw materials as the greatest obstacle, followed by high costs, short deadlines and other reasons, according to the 76 replies obtained.

According to the document to be signed with the government, the paper and cellulose sector pledges to equip itself so as to be able to consume 200,000 tons of fuel oil as of 1985, when its consumption is scheduled to be 1.4 million tons per year. Besides the 200,000 tons of oil, the rest will be substituted for by other energy resources. In 1982, the scheduled substitution for oil will be 500,000 tons; 700,000 in 1983; 900,000 in 1984; 1.2 million in 1985; 1.3 million in 1986 and 1.6 million in 1989.

In the paper and cellulose industry substitution program, the share for coal is 160,000 tons per year as of 1983, dry wood nearly 800,000 tons per year as of 1982 (reaching 1.5 million tons in 1989) and biomass, 1.5 million tons in 1982 (until it reaches approximately 10 million tons in 1989).

Steel and Iron Industry Economizes

One year after the signature of the commitment between the iron and steel industry and the federal government for a reduction in fuel oil consumption, the Brazilian Iron and Steel Institute can already state that "the objectives of the plan will be attained." Statistics produced by the sector assert that by the end of the 1980-1985 5-year period, consumption reduction will reach 1,568,900 metric tons. Surveys also show that during the first 4 months of this year the iron and steel plants managed to reduce their fuel usage by 3.7 percent.

The agreement signed with the government stipulates that by June 1981 the iron and steel industry will save 290,000 tons of fuel oil annually; from July 1981 to December 1982, 400,000 to 492,000 tons per year; and from January 1983 to September 1984, 430,000 to 520,000 tons per year. To do this, the use of alternate fuels is stipulated: In the medium term (by December 1982), from 80,000 to 120,000 tons per year of refined charcoal; 52,000 to 75,000 cubic meters of alcohol per year; 800,000 additional megawatt-hours per year of electric power. In the long term (by December 1984), it is foreseen that from 500,000 to 1.1 million tons of coal will be used annually, 20,000 additional tons of refined charcoal, another 14,000 cubic meters of alcohol per year, 800,000 additional megawatt-hours of electricity and 520,000 gigacalories per year of vegetable oils.

For this, the government guarantees the availability of financing up to the limit of investments under suitable conditions of time, interests and monetary correction to the industries.

In the Sao Paulo Iron and Steel Company (COSIPA), the addition of 15 percent hydrated alcohol to the fuel oil in the furnaces showed complete practicality, according to power and utilities manager Rosenval Jorge de Oliveira. However, the company has other savings plans under consideration such as a garbage-fueled plant scheduled for 2 years from now, and coal gasification of the coal from Santa Catarina together with ULTRAFERTIL. Oliveira points out that in the agreement signed with the government, COSIPA is 30 months ahead of schedule in its fuel oil rationalizing plan.

USIMINAS [Minas Gerais Iron and Steel Mills, Inc] in turn, intends to reduce its consumption by 33 percent as of 1982 and 100 percent as of 1985 with the installation of a coking plant which will produce the additional coke for the blast furnaces and a certain amount of a semicoke which will be gasified, generating a poor quality gas to substitute for the gas used in the blast furnaces. The coking plant, costing $160 million, should be operating in 1985, allowing the company to effect a saving of 335,800 tons of fuel oil per year.

Belgo Mineira expects to use only 23 percent of the oil used in 1977 in 1985. To do this the company plans to replace the Siemens Martin steel mills with the new LD steel mill, in addition to using gas generated by the blast furnaces of the mill itself, to use the "submerged blast" process in the present Siemens Martin mills and to rationalize the use of fuels.

Difficulties With Coal

The cement industry is the one which uses the most fuel oil, nearly 18 percent of Brazilian industrial consumption. It was the first to sign an agreement with the government whereby it commits itself to replacing the equivalent of 640,000 tons of petroleum with 1.2 million tons of domestic coal. The use of 5.5 million tons of coal is stipulated by 1984, something that will cost around 1.5 billion cruzeiros but save 2.7 million tons of oil. It is not known whether the goals can be attained, primarily because of difficulties in obtaining coal and also because of difficulties in obtaining financing with government guarantees.

The food and beverage, chemical and petrochemical, ceramics, textile, smelting and glass industries, which burn nearly 55 percent of the fuel oil used by the industrial sector of the country, are willing to rationalize the use of petroleum byproducts and to substitute for their share in the consumption of them. The field of alternate sources is broad but no one knows which one to choose because any decision made runs head on into the lack of guaranteed supplies and uncertainty as to the economic practicality of the alternate energy source. Therefore, despite the advantages of signing an agreement with the government, committing themselves to promoting substitution in exchange for financing and subsidies, there remains this doubt: What fuels are available and how much do they cost?

It is a time of waiting. The ceramic industries, for example, which are responsible for burning 12 percent of industrial fuel oil, estimate it is immediately possible to save 18 percent of the amount consumed through oil rationalization and conservation measures. With respect to substitution, however, the alternatives are few: basically natural gas (or coal gas) or electric power, according to Francisco Lotufo Filho of the Construction Ceramics Industry Union in the state of Sao Paulo.

"Indeed, we have neither the one nor the other. The electric power companies in the southeast are reacting negatively to the proposal of an increase in consumption by the industry. There has been no decision on gas yet," he emphasized.

In view of this lack of guidelines, there is only one solution for the companies located in the large cities: The construction of a gas works at their own expense, declares Luiz Prestes Barra, vice president of the Rock Dust Tile, Porcelain and Clay Tile Ceramics Industry Union of the state of Sao Paulo. "Patriotism aside, the problem is one of survival," concluded Lotufo Filho.

And it is for survival that the owner of Porcelana Chiarotti in Maua is fighting: "I am saving 5,000 liters of oil per month to the detriment of my production because the only way I could find to do that was to extinguish the continuous kiln for 3 straight days," says Nelson Chiarotti, criticizing the government for the lack of guidelines.

Even in the areas outside the large cities, where wood has shown itself to be a reasonable substitute, the problem is the lack of a guaranteed supply of that energy source. Therefore, that which is present today in the sector is the result of individual risk-taking by the industrialist who chooses whatever energy source is available.

Porcelana Schmidt of Maua has taken an isolated initiative in that respect. It is saving 250,000 liters of fuel oil per month--which would cost nearly 4.5 million cruzeiros, by installing a gas generator, which according to Werner Besten, maintenance and production manage of the company, costs 330,000 cruzeiros per month.

Petrochemical Industry: Nothing Specific

Preliminary studies by the Brazilian Chemical Industry Association (ABIQUIM) propose substitutions for oil consumption, with rationalization measures, on the order of 10 percent in the petrochemical, chemical and fertilizer industries. In 1979 those areas used 3.7 million tons of fuel oil (79.5 percent of which was used by the chemical industry, 18.8 percent by the petrochemical industry and 1.7 percent by the fertilizer industry). Alternate energy sources being studied are basically charcoal and coal. However, there is nothing specific up to now with the exception of isolated solutions.

Among those is the project to be initiated by the Northeast Petrochemical Company [COPENE] in the petrochemical complex of Camacari in Bahia, which, using the process of pulverized charcoal injection will save 160,000 tons of oil per year.

Another study by the National Confederation of Industries [CNI] emphasizes that petroleum refineries, which in 1978 used nearly 2.04 million tons of fuel oil, can reduce their consumption by seven percent. The remainder of the petrochemical industry (including chemicals and fertilizer) can achieve an average reduction of eight percent through conservation measures.

Food Industry Awaits Study

The thermal installations of the food and beverage sector, which used 1.4 million tons of fuel oil in 1978, or nine percent of the overall domestic consumption, are prone to be wasteful and for that reason, according to a study by the CNI, a saving of 15 percent could be expected.

In the case of the food industries--which by themselves use eight percent of the fuel oil used in the country--some attempts at energy conservation have been made such as a better use of ovens or the use of coal-fired boilers.

There is no specific program, however, for substituting for fuel oil. The sector is waiting on studies ordered in March--and not yet initiated--from the Technological Research Institute. According to Hugo Crespi, president of the Brazilian Food Industry Energy Council (ABIA), of which the Cica, Nestle, Chiclets Adams and Gessy Lever Companies are part, substitution could be made by converting equipment to the use of charcoal, coal or gasified coke.

Glass: Some Results

Since fuel oil is one of the "raw materials" of glass, it being used predominantly in the melting ovens, the industries of the sector have been making energy rationalization studies since 1976.

Moreover, in 1979 the Technical Association of the Automated Glass Industry (ATBIAV) created an energy commission to work together with the Glass and Flat and Hollow Glassware Industry Union of the State of Sao Paulo, seeking to disseminate rationalization measures such as thermal insulation in the areas of melting ovens, change in the geometry of ovens when they are replaced, electrical support in the boosters and feeders used in some industries, increase in the regeneration and recovery of heat in the preheating of combustion air and the installation of automatic controllers for the air-oil mixture.

With those measures, according to Maria Carolina Diniz Martins, executive adviser to ATBIAV, the sector--which was responsible for 3.5 percent of the fuel oil use for industrial purposes in the country--managed to reduce that share to 2.4 percent last year. In addition, ATBIAV, according to its president, Roberto Prado, in June sent a draft of the agreement to the government in June. Solutions advocated for substitution for oil are natural gas or coal. For that, however, it is necessary for the government to provide those fuels because only on the basis of alternate energy sources can the industry begin to plan new types of installations, which is a long-range process, emphasized Prado.

Smelting Industry Awaiting Guidelines

There are options for the smelting sector, declares Luiz Paulo Salleiro, technical director of the Brazilian Association of Iron and Steel Smelting Industries (ABIFFA). What is lacking is a guideline from the government on the availability of alternate energy sources and primarily their economic practicality. "We do not have any guarantees as to the behavior of prices of energy sources. There is a lack of relationship between the price of fuel oil and the other items," he concluded.

The greatest consumption of fuel oil in the smelting industry occurs in heat treatment, welding of iron and steel and in the driers for foundry molding cores. The cheapest option for substituting for fuel oil, according to Salleiro, is coal gas, not from naphtha (which also comes from petroleum), or a mixture with alcohol, something which is being studied by CONGAS.

Electric power would be an expensive option because it would require large-scale modifications in the furnace system. Those alternatives are also being studied by the Energy and Environment Commission of ABIFA, which according to Manoel Gomes dos Santos, secretary of the body, will try to enter into an agreement with the Secretariat of Industrial Technology.

Textile Industry Will Issue a Manual

The steam systems for providing steam for the process and for generating electric power are responsible for fuel oil consumption in the textile industry. According to studies by the CNI, the sector used nearly 790,000 tons of fuel oil in those systems in 1978, representing five percent of the overall consumption for industrial uses in the country. The possibilities for savings in the sector, according to the CNI, are very great and for that reason a savings rate of 22 percent will be reached in coming years. In that respect, the Spinning and Weaving Industry Union, together with the IPT, is preparing an energy rationalization and conservation manual.

Since 1976, however, the Rhodia group has had a rationalization program, according to its director of planning, Thomas Unger. The first phase of the program was that of internal savings of fuel oil which included measures ranging from thermal insulation of the boilers to making the workers aware of faults which cause waste. That resulted in a saving of 25 percent in fuel oil--an item responsible for spending equal to 10 percent of the sales of the group. The second phase is partial substitution, which will begin in 1981, with four pilot plants using alternate energy sources: wood in Recife; peat--the first phase in the geological formation of coal--in Sao Jose dos Campos; charcoal in Paulina and gas in Santo Andre. The third phase, according to Unger, will completely discontinue the use of fuel oil in the units the company will install in Camacari, Bahia, within two and one-half years, one for the production of nylon powered by electricity, and the other fueled by animal wastes.

## Alternate Energy Sources Insufficient

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Oct 80 p 55

[Article by David Renault: "Alternate Sources Far From Enough To Cover Needs"]

[Text] The reduction in consumption of petroleum byproducts through rationalization and restrictions such as a price increase and even restrictions in supply, is the only way that Brazil can cut down on its imports immediately because the so-called national alternate sources will only have an effect on overall consumption in coming years.

The war between Iraq and Iran, with the subsequent cutoff of a large part of the oil imported by Brazil, led the government to seek new formulas for "hastening the reduction of consumption," particularly gasoline, fuel oil and diesel fuel, which are the products mainly responsible for the need for national petroleum imports.

An analysis of government programs for substituting for those three byproducts, however, shows that their immediate effects will not be so great. They will contribute to minimize future problems, since the trend is for petroleum supplies to become more and more difficult to obtain.

Official figures of the CNP show that in 1979, 55,503,602 cubic meters of imported petroleum were processed, which amounts to 969,762 barrels per day, plus 9,113,211 cubic meters (159,227 barrels per day) of domestic petroleum. As an average, each barrel yielded 23 percent gasoline, 30 percent diesel fuel, 32 percent fuel oil and 15 percent of other byproducts.

CNP figures also indicate that last year 15,537,571,000 liters of regular gasoline, 108,534,000 liters of premium gasoline, 15,859,576,000 liters of fuel oils and 16,982,359,000 liters of diesel fuel were consumed in the country, not including in those figures the deliveries to direct consumers and supplies to national ships, among others. Production of diesel fuel in national refineries, according to the CNP, was 17,833,288,000 liters.

In the area of substitution for petroleum byproduct energy sources, the National Alcohol Program (PROALCOOL) is the most advanced government plan. Production in the 1980-1981 season is forecast at 4.1 billion liters with a possible reduction of sugar production.

Today, hydrated alcohol is being mixed with the regular gasoline sold in almost the entire country in a proportion of 20 percent. Last year, of the overall consumption of gasoline, 15.5 billion liters, 2.2 billion liters were actually alcohol. The PROALCOOL goal is the production of 10.7 billion liters in 1985. This, however, is less than the present consumption of gasoline. At this moment there are studies being made to advance the 1987 goal of 14 billion liters to 1985.

The initial government plan was for fuel alcohol to be used in Otto cycle engines (gasoline) [four-stroke internal combustion engines], which in Brazil appear mainly in automobiles. The argument is that alcohol has a calorific power close to that of gasoline and thus can be used without a substantial increase in consumption.

The Industrial Technology Secretariat (STI) of the Ministry of Industry and Commerce encouraged the conversion of Otto cycle engines in light vehicles--up to 10,000-ton capacity [as published, presumably means 10,000 kilos]--to use alcohol and has already approved some models which can be produced in factories or converted in authorized automobile conversion shops.

The STI plan is that light-vehicle diesel motors should be exchanged for Otto cycle motors as a way of contributing to reducing the overall consumption of that fuel. The secretariat also encourages a system called "double injection" which consists of the placing of two tanks in heavy vehicles, one for alcohol and the other for diesel fuel.

By means of a small adapted system, those two fuels reach the motor at the same time, and there is simultaneous combustion. According to the STI, tests, including road tests, indicated that with this system a usage of 40 percent alcohol and 60 percent diesel fuel can be reached, with the consumption of the vehicle remaining practically the same and with only a small loss of power.

The so-called "alcohol additive" system, consisting of a mixture of an additive and alcohol, also in substitution of diesel fuel in motors, is not accepted willingly by the STI. It is argued that vehicles consume 60 to 70 percent more fuel as an average, and in addition, the additive that is being used, particularly by Mercedes Benz, is imported.

Brazilian alcohol production this season will at most be 4.5 billion liters, not reaching 6 billion next season. Whatever the use of this product may be--mixture with gasoline or its use alone for automobiles, buses or trucks--its share will be quite small with respect to the present consumption of gasoline and diesel fuel. Those two products, taking the CNP figures for 1979, represent a total per year of nearly 30 billion liters.

Still in the area of diesel fuel, the STI is proposing the alternative of vegetable oils. The secretariat itself acknowledges, however, that this is not an immediate program. The proposal by Secretary of Industrial Technology Jose Israel Vargas, now being examined by the CNE, is that of the 25 billion liters of diesel fuel to be consumed in 1985, taking into account an increase in consumption of around seven percent, vegetable oils replace 2.5 billion liters.

Technological tests, according to the STI, clearly indicate that several vegetable oils can be mixed with diesel fuel in a proportion of 30 percent with a satisfactory performance of motors. Since diesel fuel consumption is more concentrated in certain parts of the country, the 30-percent mixuture would be made in those regions, which would conclude by representing 10 percent of all the oil consumed in the country.

8908
CSO: 3001

## HYDROELECTRIC ENERGY GIVEN PRIORITY BY ELETROBRAS PRESIDENT

Rio de Janeiro O GLOBO in Portuguese 30 Sep 80 p 28

[Text] The new president of ELETROBRAS [Brazilian Electric Power Companies, Inc.], General Costa Cavalcanti, said yesterday as he assumed his post that hydroelectric projects will have absolute priority under his administration. He also mentioned as programs which should be carried out the utilization of thermoelectric power plants burning coal and the implementation of the nuclear program.

"It is generally known that in recent years the national energy problems, necessarily coming within the world context, have become much more complex, and now require that the electric sector, like many others, seek to adapt itself to the new situation. One aspect on which we must focus in the electric energy sector is the broadening of the spectrum of economically usable sources--hydroelectric, thermic and coal, nuclear and others--although with water sources predominating."

The ceremony to install General Costa Cavalcanti was attended by a large number of businessmen from various sectors, ministers (Delfim Netto and Cesar Cals), governors (Antonio Carlos Magalhaes of Bahia, Paulo Maluf of Sao Paulo, Alacid Nunes of Para, Marcelo de Miranda of Mato Grosso do Sul and Jorge Teixeira de Oliveira of Rondonia). The commander of the First Army, General Gentil Marcondes, and former President Emilio Medici were also present.

The crowd overflowed the small ELETROBRAS auditorium (with a capacity of a little over 100 persons). Dozens of persons who could not be seated for the ceremony waited in the corridors.

### Problem

"Against the undeniable priority which must be given the battle against inflation," the former president of the enterprise, Mauricio Schulman, said, "we must now weigh a necessary program of projects demanding increasing investments in the electricity sector so that we can be sure to meet the present and future demand for electric energy, the increase in which, of about 12 percent per year in recent years, reflects Brazil's undeniable future in the ranks of the developed countries. There are many difficulties. Resources are limited and the requirements are great. Budget sources are committed, foreign loans have to be limited because of their inflationary effect and because they exert pressure on the balance of payments. Domestic loans, if channeled into the electricity sector on a larger scale, would hinder the development of private activity."

One of the factors which led to conflict with the minister of mines and energy was precisely the lack of resources with which to carry out the program given priority by the enterprise.

General Costa Cavalcanti stated in his address that the question of limited resources is of great concern.

"It should be said that we will have to manage resources which are certainly not abundant and possibly will be in short supply, but will prove to be sufficient to encourage and guarantee the implementation of the programs established, which will probably lead to the need to make some adjustments in the planning to obtain resources for the sector."

Costa Cavalcanti defended a tariff policy with periodic and differentiated adjustments for the various sectors of consumption, with a view not only to seeking tariff realism but also to making adequate profitability possible for the enterprises in the sector.

Efficiency

"His role in ELETROBRAS means that the electric sector can once again count on his efficient work capacity. This gentleman must seek to maximize the projects in the sector in order to contribute to the anti-inflationary policy of the government."

This statement was made by Minister of Mines and Energy Cesar Cals, who presided at the ceremony. He noted the large number of individuals present as evidence of the prestige General Costa Cavalcanti enjoys among businessmen and government officials.

After the ceremony, the new president of ELETROBRAS held a press conference at which he stated that to date no plan for the establishment of the summer schedule has reached his hands. He said that any opinion would be impossible until he has studied this matter in detail.

General Costa Cavalcanti said that the priorities defined at the beginning of the present government term for the electrical sector remain the same--construction of the Itaipu complex and its transmission lines, Tucurui and the transmission lines interlinking the North and Northeast regions and the building of nuclear plants. He said that the cuts in ELETROBRAS investments this year will come to about 5 billion cruzeiros, and that there should be no major problems as a result of this. The investments previously planned total 233 billion cruzeiros.

5157
CSO: 3001

ARMY TO SUPPORT INDUSTRY TO CONSOLIDATE MILITARY TECHNOLOGY

Rio de Janeiro O GLOBO in Portuguese 26 Sep 80 p 8

[Text] Brasilia--The army high command decided at a meeting held yesterday, with Minister Walter Pires presiding, to support national industry in order to consolidate Brazilian military technology and to take steps with a view to resolving the current problems caused mainly by the present economic situation in the country.

Among the measures defined during the meeting of the highest army body was the reduction of military movements to the minimum essential for the functioning of the service.

The meeting was attended by Gens Milton Tavares de Souza, Second Army commander; Gentil Marcondes Filho, First Army commander; Antonio Bandeiro, Third Army commander; and Florimar Campello, Fourth Army commander; department heads Gen Benedicto Pinto de Almeida, war materiel; Gen Geraldo Alvarenga Navarro, training and research; Gen Ruy de Paula Couto, general services; and Gen Antonio Ferreira Marques, engineering and communications; as well as the commanders of the Planalto Military Command, Gen Heitor Almeida, and the Amazon Region Military Command, Gen Leonidas Pires Goncalves.

The meeting was held at the army staff headquarters, and the next meeting is scheduled for November. It will be the last attended by the Third Army commander, Gen Antonio Bandeira, who is completing his service.

Agenda

The subjects taken up at yesterday's meeting, according to reports from the army advisory office, were the following:

1. Adoption of measures and intensification of procedures designed to deal with the temporary problems which, deriving mainly from the present economic situation of the country, are affecting the life and activities of the army.

The following were the leading items in the list of such measures designed to save on resources:

A. Research and support of civilian industry, with a view to the consolidation of domestic military technology.

B. Reduction of military movements to the minimum essential to the functioning of the service.

C. Transfer or exchange of non-essential premises in order to obtain resources for new military quarters and training fields.

D. Intensive use of cadre exercises, without involving troops, preferably carried out near military quarters.

E. Increase in the use of simulators of various types in training.

2. Studies and measures designed to revitalize the provisions directly linked with military and troop training and the functional efficiency of the land forces.

3. Dynamization of social and medical-hospital aid to military families, particularly through the following measures:

A. Improvement of the transit hotel network;

B. Construction, within the current potential, of domestic residential premises at garrisons where these are lacking; and

C. Steps to improve the medical-hospital care facilities for military personnel and their dependents, through the dynamization of the medical aid system established in the middle of last year.

5157
CSO: 3001

CANDIDATES FOR 1982 GUBERNATORIAL ELECTIONS TO BE NOMINATED

Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Sep 80 p 4

[Text] Brasilia--The formal nomination of candidates to run in the 1982 elections for state gubernatorial posts will begin the day after the congressional approval of the amendment reestablishing direct election of the governors. This provision, announced by the leaders of the Popular Party (PP), is designed to ensure the proper holding of elections.

The amendment calling for a return to direct election of the governors is to be approved in November, and the PP has already planned various meetings for launching the candidates for the state governorships.

Moreover, the PP believes that, with the exception of Rio de Janeiro, the only state in which the governor is already a member of that party, there will be no difficulty in preparing the foundations for an electoral coalition with the opposition parties, in particular the PMDB [Brazilian Democratic Movement Party] to challenge the PDS [Social Democratic Party].

Candidates

The list of possible PP candidates in the coalitions with the PMDB, PT [Workers Party], PDT [Democratic Labor Party] and PTB [Brazilian Labor Party] includes various alternatives. In Bahia, for example, it is considered likely that the main opposition parties in the state--the PP and the PMDB--will nominate as candidates to succeed Antonio Carlos Magalhaes former Governor Roberto Santos, Deputy Francisco Pinto and former Prosecutor General of the Republic and former Deputy Valdir Pires.

Sao Paulo and Rio

The purpose in launching the gubernatorial debate in Sao Paulo is to keep Governor Paulo Maluf's field of negotiation limited, along with that of the individuals who nurture electoral hopes through the PDS. The coalition possibilities include on the one hand Franco Montoro, Orestes Quercia, Ulisses Guimaraes, Olavo Setubal and Lula, while another faction plans the sponsorship of Laudo Natel, Janio Quadros and Delfim Netto.

The situation in Rio, which is a politically atypical state, since the PP is already in office, is the other side of the coin for the PP members. There the

group plans in principle to sponsor the candidacy of Deputy Miro Teixeira, but not until the middle of 1981, in order to avoid causing the administration of Governor Chagas Freitas political difficulties. Even so, the PP believes that it will be necessary to sponsor a successor, under pressure from the opposition factions in the state.

According to the calculations of the various parties, the PP candidacy of Miro Teixeira may have to compete with the coalition-sponsored Roberto Saturnino (PMDB), Leonel Brizola or Lisaneas Maciel (PDT), and where the PDS is concerned, against the subslates expected to include Minister Mario Andreazza, former Prefect Marcos Tamoio, Mrs Sandra Cavalcanti or Deputy Celio Borja.

In the South

In Rio Grande do Sul, PMDB members Pedro Simon and Paulo Brossard and Deputy Alceu Colares of the Brizola labor faction will compete with Jair Soares (minister of welfare and social security) and Nelson Marchezan (majority leader in the Chamber). In Santa Catarina, the combination might be Senator Jaison Barreto (PMDB) and Senator Evelasio Vieira (PP). In Parana, it might be PMDB members Jose Richa and Alencar Furtado and PP candidate Afonso Camargo, against Saul Raiz of the PDS.

Other States

In other states, there are prospects for a compromise between PMDB candidates Jarbas Vasconcelos and Marcos Freire, and the PP and laborite factions in Pernambuco. In Para, the prospect of a break in the structure of governmental forces --Messrs Jarbas Passarinho and Alacid Nunes--could benefit the PMDB if the candidate were Jader Barbalho, provided the various opposition parties there unite. In Goias, the candidacies of Iris Resende (former prefect of Goiania) and Senator Henrique Santillo, of the PMDB, are regarded as unbeatable if they join together.

Minas Gerais is regarded as the most difficult situation, because there the government is sponsoring candidates from the former PSD, such as Minister of Justice Ibrahim Abi-Ackel and the "bionic man," Murilo Badaro, as well as Carlos Eloi and others. On the other side are Itamar Franco (PMDB), Jose Aparecido, Renato Azevedo, Magalhaes Pinto, Tancredo Neves and Helio Garcia. The greatest difficulty seems to involve the choice of candidates capable of promoting the coalition without internal disruption.

5157
CSO: 3001

BRAZILIAN NEWSPAPER INTERVIEWS PINOCHET

Rio de Janeiro O GLOBO in Portuguese 8 Oct 80 p 4

[Interview with Chilean President Augusto Pinochet; date and place not given]

[Text] Santiago--In an interview with O GLOBO, the president of Chile, Gen Augusto Pinochet, stated that he was "quite certain that, in the near future, many joint projects would be developed among the dynamic Chilean and Brazilian business owners which would result in mutual benefit."

Pinochet declined to express an opinion on the process of political openness that is under way in Brazil, claiming: "The government of Chile has been categorical in specifying its faithful observance of the principle of non-intervention, a fundamental bulwark for harmonious coexistence among states."

[Question] During the campaign for the plebiscite which has just been held in Chile, overt action on the part of your political adversaries was noted. There were statements by leaders, demonstrations and propaganda for the "no" vote. Was that action circumstantial, or will it continue to be allowed? And what is the significance of your appeal to Chileans to join a civilian-military movement to aid Chile? What will your next 8 years in power be like? What are your goals? Why were the blank ballots in the recent plebiscite counted as "yes" votes? How many were there?

[Answer] Naturally, during the month preceding the plebiscite, there was an intense debate on the information and concepts contained in the constitutional plan. The profound significance of that issue, which transcends any contingent political position, warranted this. However, the regulations relating to the recess of the political parties and of their activities are still in effect and will continue to be. This cannot by any means be regarded as a setback in our institutional process, because the new Constitution stipulates a precise, definite period for the full operation of the democratic system, a period during which the direction of the government's action will have to be adjusted. To be sure, all this does not preclude the fundamental points in the Constitution, such as those associated with economic and social rights (which it guarantees t. 11 persons) and with the legal and jurisdictional mechanisms for requiring due respect and protection for those rights, from going into effect in their entirety as of 11 March 1981. For all these reasons, our chief goal during the next presidential term will be to consolidate that institutionalization for which the Constitution is the legal basis, putting particular emphasis on the extension of cultural and material progress that

will allow for the stable operation of that new democracy. To channel the generous, united effort of all Chileans, without which any effort by the government would be insufficient to attain these goals, is the significance of that appeal for civilian and military cooperation.

[Question] The opposition, both that of Gen Gustavo Leigh (former member of the Government Junta), of former President Eduardo Frei, of the Church and of the constitutionalists in the Group of 24, criticized the results of the plebiscite, claiming that a popular consultation is not legal without electoral registers and without access to the news media for the opposition. It also maintains that the plebiscite was held with the country in a state of emergency. What does Your Excellency have to say about this?

[Answer] In the campaign which preceded the plebiscite, the opposition groups made a desperate effort aimed at discrediting the new Constitution, which was then subject to popular ratification, concentrating their criticism on formal aspects of the process. Without overlooking the fact that this criticism was proven to be unfounded, what is really important is that it constituted mere propaganda devices, because the plebscite process took place in an orderly way, with complete calmness and with massive participation by the citizenry.

The news media gave full coverage to the newspaper reports of the groups in favor of or opposed to the constitutional plan. The same liberty existed for those news media to publicize the propaganda that they deemed necessary.

As for the electoral registers, the very ones who are now criticizing the plebiscite of 11 September exposed on more than one occasion the fraud and irregularities that were committed under the old system of electoral registers. On this occasion, however, a complete register of all citizens was prepared in the voting records, which will be compared, by computers, with the registration number on the identity card which, in Chile, is a complete, stable system of registry. Finally, with regard to the state of emergency, it is obvious to anyone who experienced our situation during the days preceding the plebiscite that its being in force in no way affected the public debate on the institutional issue, because the opposition could even hold mass meetings to express its views, not to mention the many debates which took place in the universities and trade unions.

[Question] Does Your Excellency believe that the nearly 2 million votes "do not prove that there has been attrition in the government and that the latter should take into consideration some of the demands of the opposition"?

[Answer] The results of the plebiscite prove that the great national majority which sought our intervention in 1973 and ratified our institutional process in 1978 is still backing the government for the fulfillment of our goals. In any case, now as in the past, the government is still willing to receive any constructive contribution that is made to that national endeavor; so long as that contribution does not represent a disregard for the legitimacy of the current process, or reincorporating into civic debate totalitarian doctrines such as Marxism, or the groups which act as agents for those same doctrines.

[Question] The Christian Democratic leader, Eduardo Frei, upholds the establishment of a civilian-military government in Chile. This leads one to assume that there

may be sectors of the Armed Forces in favor of that idea. Would the backing from the three branches of service for your government be monolithic? If, during the 8 years when Your Excellency will remain in power, there should be what you consider conditions for calling elections, would you do so?

[Answer] The features of the next term are clearly defined in the constitutional regulations passed on 11 September of this year, and the government will manage to abide by them faithfully. In any event, those unfounded assumptions of Mr Frei are an offense against the Armed Forces, and show a lack of consistency between the claim and the reality.

[Question] What were the most negative aspects and the most positive ones during your 7 years of government?

[Answer] It is discouraging to find that the sovereign decision of the Chilean people to break off from communism and freely build their institutional destiny is still an object of misunderstanding among foreign nations which claim to share our same principles of liberty and respect for human beings. In any event, closely related to this, it is of the greatest significance to us to prove that the direct beneficiaries of our action (all Chileans, and particularly the women of our nation) understand the profound significance of the work that we are doing, and are confirming it with their effort and support. Moreover, we can display today with pride high and constant rates of growth in our national product. And the country is progressing resolutely along the path of economic development. We have succeeded in reducing inflation drastically, and we are realistically and efficiently combating the effects of the extreme poverty in which some of our fellow countrymen are living.

Every day, we are being visited by foreign delegations and foreign investors interested in engaging in commercial activities. Our foreign trade has grown considerably, with a substantial increase in exports. Finally, many international financial and economic agencies which have made objective, scientific studies acknowledge our success and the positive indexes that we can submit.

[Question] International agencies and the foreign press are still accusing your government of violating human rights. What does Your Excellency have to say about that?

[Answer] The lack of sincerity and objectivity, and the obviously discriminatory moral judgment with which those agencies express themselves, boasting of judging Chile but keeping an ignominious silence at the atrocities and genocide being witnessed by the world, are factors which detract any significant influence from those views. Any Chilean, and any foreigner who visits us and assesses our situation, is a witness to the atmosphere of social peace, public equanimity and freedom that prevail in Chile. And, on the other hand, one would do well to take into account the analyses of agencies and technicians, and the views which give clearcut support for our work and our successes.

[Question] There are over a million Chileans outside of the country. Will Your Excellency allow them to return, or will the doors continue to be closed to the exiles?

[Answer] In the first place, I must emphatically point out that the Chileans living abroad can by no means be categorized as exiles; and it is also incorrrect that they number a million people. As an example, it should be remembered that thousands of Chileans had to leave the country when the Marxist threat was hovering over us. Our government has been emphatic in stating that, although we are quite willing to receive all those who are ready to participate in the nation's endeavors, we shall never allow the return of those who were responsible for the process of violence and destruction which led us to the brink of civil war, and which we are surmounting with enormous sacrifice. Their return is even less acceptable if we consider the fact that, during those years, they have publicly reiterated their intention of repeating the Marxist experiment in Chile, insofar as possible.

[Question] After the victory in the plebiscite of 11 September, and your legitimate instatement in the position of president of Chile, does Your Excellency feel more inclined to deal with the problems of borders with two of your neighbors, Argentina and Bolivia?

[Answer] Chile has no unresolved border problems with Bolivia. And, in connection with Argentina, the dispute over the southern zone has been subjected to mediation by His Holiness, Pope John Paul II. Having said this, I should note that, although it is true that the results of the plebiscite of 11 September constituted obvious backing from the sovereign will of the people of Chile for my government, I think that the country's border problems should be dealt with regardless of the circumstances and at any time, with the same interest, steadfastness and calmness, taking into account the value of and respect for legal regulations.

[Question] Other countries, such as Brazil, are reducing their territorial waters to 12 miles. Does Chile intend to follow that example, which would facilitate the negotiations on the Beagle Channel?

[Answer] According to the terms of Article 593 of the Civil Code, Chile's territorial waters consist of 3 miles. In 1952, Chile, Ecuador and Peru signed the "Declaration of Santiago," which established an economic zone of 200 miles, for the purpose of protecting and conserving the renewable and non-renewable resources in that area. Recently, during the Third United Nations Conference on the Law of the Sea, our country upheld territorial waters of 12 miles and an exclusive economic zone of 200 miles.

[Question] The negotiations with Bolivia were interrupted during the government of Hugo Banzer, slightly over 2 years ago, and since then the relations between Santiago and La Paz have been broken. Shortly after the coup of 17 July, General Garcia Meza said that he would resolve the question of his country's "outlet to the sea." Have any contacts been made in this regard?

[Answer] The diplomatic relations between Chile and Bolivia are actually suspended, as a result of a unilateral decision by Boliva which, without giving any valid reasons, broke off negotiations which involved both countries, aimed at fulfilling Bolivia's aspiration to procure a sovereign outlet to the Pacific Ocean. To date, the government of Chile has not received any proposal from the Bolivian authorities, either to reactivate the dialog or to normalize the ties with our country which have been cut.

[Question] Trade relations with Brazil have been progressing well in recent years. The volume of business between the two countries has increased from $300 million to $1 billion. The implementation of joint projects among private groups from both countries is proceeding well. Would the differences between the economic policies adopted by the two countries (Chile does not offer incentives or protectionism) be an obstacle to the execution of joint projects?

[Answer] The granting of incentives is not necessarily the only stimulus for economic development. The greatest evidence of this lies in the Chilean experience during the past 5 years. Since Chile became opened up to international trade, the economy has been developing at a far higher rate than during the 3 previous decades, a period wherein exemptions and special concessions were the only incentive to start any economic activity.

The great institutional stability in Chile, added to a market social economy system which fosters accelerated development, incentives for foreign investors based on impersonal, non-discriminatory regulations, and the complementation that exists in many areas between the economies of Chile and Brazil warrant our complete certainty that, in the near future, many joint projects will be developed among the dynamic Chilean and Brazilian business owners which will result in mutual benefit.

[Question] How does Your Excellency view the political openness in Brazil?

[Answer] The government of Chile has been categorical in specifying its faithful observance of the principle of non-intervention, which in our opinion is a fundamental bulwark for harmonious coexistence among states. Therefore, our rule of conduct is not to make statements concerning the political processes that other countries are undergoing, nor even to express views concerning them. Every state is free and sovereign to select its political destiny in accordance with its experience and its own idiosyncracies.

[Question] Whom would Your Excellency like to see elected president of the United States, Reagan or Carter?

[Answer] In line with the previous response, I can say that my government hopes that whatever government takes office in the United States in 1981 will conduct its administration with respect to our country on the basis of the fundamental standards of respect and dignity which should govern relations between two traditionally friendly countries.

[Question] The United States will open the Letellier case, and will probably insist on the extradition of the Chilean officials involved in the attack. What is Chile's position?

[Answer] The position assumed by the Chilean Government regarding the Letellier case is rather well known to international opinion. The question of the extraditions sought by the United States was aired in the Chilean courts which, in a free and independent decision, did not accept the North American petition. The Government of the United States, with an attitude which, in our view, is not consistent with the principle of non-intervention, attempted to apply to Chile some measures of reprisal for that decision of the Chilean courts that was adverse. Now, any negotiations started in this regard must be directed through the normal judicial channels, whose decisions the Chilean Government has always abided by.
2909
CSO: 3001

FOREIGN INVESTMENT RISKS, BENEFITS DISCUSSED

Santiago QUE PASA in Spanish 9-15 Oct 80 pp 30-34

[Article by M. Eugenia de la Jara: "Large Flow of Capital to Come"]

[Text] The Foreign Investment Statute--better known as Decree Law No. 600--established that the term in which the investor must outlay capital will be fixed in the contracts between the investor and the Chilean Government. It specified: "This term will not exceed 8 years for mining investments and 3 years for the rest. However, the Committee for Foreign Investments can, by unanimous agreement, extend the term to 12 years for mining investments when prior exploration is needed, considering their nature and estimated duration."

This legal definition serves as the first, although not the only, answer to those who ask why investments for almost $4.5 billion were approved from 1974 to September 1980 but real income is only about $1 billion. We said that it is not the only explanation because studies and reality demonstrate that not all investments which are approved actually materialize. Since Decree Law No. 600 has gone into effect, there have been about 80 rejected requests that, of course, are not included in the $4.5 billion to which we referred above. They demonstrate that not all projects are finalized.

The study called "Presence and Participation of Multinational Enterprises in the Chilean Economy" by Eugenio Lahera, an ECLA consultant, stated that it is improbable that the total amount of approved investments will materialize. "However, it can be expected that a relatively large portion will be finalized." Lahera also made another estimate when he said that "15 projects--out of a total of 421--in the mining sector represent 88 percent of total authorized investments as of the end of 1979. The failure of several of these projects to materialize would decisively affect the total amount of new investment."

The ECLA study, published in August 1980, was optimistic based on the amount authorized so far and "the fact that the number of investment requests processed in the past 6 years surpassed all those carried out under the Investor Statute between 1954 and 1970." That study reported that 494 requests were approved between 1974 and September 1980 compared to 311 between 1954 and 1970."

Foreign Investment Authorized Between 5 August 1974 and 3 September 1980 (Decree Law No. 600)

| Year | No. of Projects | Value (Thousands of Dollars) |
|---|---|---|
| 1974 | 12 | 21,547 |
| 1975 | 69 | 137,052 |
| 1976 | 57 | 150,090 |
| 1977 | 57 | 885,028 |
| 1978 | 72 | 1,293,045 |
| 1979 | 122 | 1,726,607 |
| 1980 | 105 | 152,500 |
| TOTAL | 494 | 4,514,069 |

Source: Committee for Foreign Investments

1980: Verdict for "Los Pelambres"

Another concern to those who observe the development of foreign investment is the fluctuation from 1974 until now. Ignacio Errazuriz, executive secretary of the Committee for Foreign Investments, answered: "The total number of requests is always growing but, obviously, the large mining investments that we received from Exxon in 1978 and from Anaconda in 1979 make some people think that interest in bringing foreign capital to Chile has decreased this year since we have not had any investment of that size."

Nevertheless, it is probable that a mining project for about $1.5 billion with a preliminary investment of about $30 million will materialize soon. As far as QUE PASA could determine--since the committee maintains absolute secrecy about the request--it would involve exploration in a broad area of Norte Grande to discover deposits not precisely detected.

If the committee authorizes this new investment, it would mean the approval of $1,652,000,000 in foreign investments this year--that is, only slightly less than the 1979 total.

The mining investments lead to a crucial question asked by the majority of people who study and analyze them. How long will our mineral reserves be the greatest attraction for foreign investors? Does Chile have other possibilities that might interest a multinational enterprise in planning a 12-year investment for $1.5 billion like Anaconda did with the Los Pelambres mine?

Errazuriz thinks that the important thing is to look at other sectors since mining investments will always be large and surpass the others.

He maintained that, as foreigners have learned of other alternatives for profitable investments in Chile, they have allocated capital. "This year interest in construction, agricultural property, agroindustry and services has increased. This last category includes banks which represent the measure of confidence that other countries have in our economic and political stability."

Errazuriz added that the smaller investments usually materialize almost immediately for the total or major part of the amount approved. The larger investments, on the other hand, like mining investments outlay capital as the project advances.

Capital Outlay from 5 August 1974 to 31 August 1980 (Decree Law No. 600)*

| No. of Projects | Value (Thousands of Dollars) |
|---|---|
| 17 mining | 383,043 |
| 420 nonmining | 448,463 |
| Article 14 | 107,321 |
| TOTAL | 938,827 |

*Information provided to Committee for Foreign Investments plus amounts entered in September show the total outlay today is close to $1 billion.

Source: Committee for Foreign Investments

This is the case, for example, of Anaconda whose investment of $1.5 billion to explore and exploit the Los Pelambres mine was approved in June 1979; by 31 December 1979, $21.5 million had entered the country. Manuel Vargas, a lawyer and representative of that U.S. enterprise, explained the allocation of that sum to QUE PASA: "Twenty million dollars were spent to buy the rights of the former owners. Another $500,000 were invested in buying land next to the mine and the remaining $1 million were allocated for probes and drilling." Vargas added that $10 million have been budgeted for this year and another $20 million will be spent in 1981. The representative of the U.S. enterprise stated: "By the end of next year, we will be in the position to know with certainty if the mine meets the requirements of profitability to justify the large investment approved last year."

The Benefits...

In spite of the fact that the government has given foreign investment a very important role in the development of its economic policy, there are those who feel that its importance decreases as it is replaced by foreign credits that, as is known, have arrived and continue to pour in, especially for the private sector.

Nevertheless, there are several aspects that make direct investment different from credit; the latter cannot replace the former. The investment capacity of our country, generated by domestic savings, cannot take care of major projects, at least at present. What Chilean enterprise, group or consortium can commit more than $1 billion for a long or medium-term project without absolute certainty of success? Under our present economic system where the state will not participate in major projects which would mean large debts, it seems certain that we can only expect this from multinational enterprises. This is, without doubt, one of the great benefits of allowing foreign investments.

This first aspect also shows the undeniable increase in the investment capacity with the subsequent improvement in domestic savings and increased productivity. Foreign capital also brings an additional contribution of modern and sophisticated

technology, the opening of new markets and, in many cases, new sources of employment. In his study, Eugenio Lahera maintained that, at this time, foreign enterprises with direct investments help provide 13 percent of the total employment in the country.

And the Risks

Along with the benefits, there are always risks. The almost unrestricted authorization to encourage foreign investment also means risks, in the opinion of the experts. The first well-known argument of those who criticize Decree Law No. 600 refers to the loss of independence implied in permitting multinational enterprises to participate in our development. They say that their large investments can also mean intentions of intervening in economic and even political decisions.

Since foreign investments will mainly go to proven profitable sectors with comparative benefits, this may mean a risk for the country because the foreign selection is not exactly in agreement with national interests and objectives for development.

The deficiencies in the Investor Statute are even more serious since it does not demand certain conditions from those who extract our nonrenewable raw materials. On the basis that only large capital can extract products like copper, for example, the foreign investors are given free rein. They only have to pay taxes--almost 50 percent between income taxes and others--like any national enterprise. They market the product outside the country and can keep all their profits. Chile receives the money collected for taxes as long as the natural resources last. Then what?

Some suggest that the state could negotiate some conditions with the foreign companies like, for example, the requirement that they process in Chile at least some of the raw materials that they extract. In this way, the country would acquire new technologies and could receive benefits from the marketing of both stages of production.

The last important risk in foreign investments is that it can become a monopoly if the participation of the enterprise is not limited, for example, to several national affiliates in the same sector. Otherwise, it could become so large that it could control the market.

Concerning the importance of foreign capital for the development of a country, Ricardo Ffrench-Davis said in his book "Economia internacional, teorias y politicas para el desarrollo" [International Economics, Theories and Policies for Development]: "The key to this discussion lies partly in the role given to foreign investment: whether it is primary or secondary; whether it is the mechanism chosen to finance development; or whether it is the means by which we can obtain access to some foreign technologies and markets that otherwise would not be obtainable by the recipient country."

Then he added: "It also depends on the specific characteristics of the foreign investment like which sector of the economy the investment is made in, the characteristics of the productive process used or the access to the international market obtained for that production."

Distribution of Investments Authorized Between 3 January and 3 September 1980 by Economic Sector

| No. of Projects | Value (Thousands of Dollars) |
|---|---|
| 31 industrial | 65,709 |
| 40 service | 55,821 |
| 16 construction | 17,165 |
| 5 mining | 8,100 |
| 12 agricultural | 4,955 |
| forestry* | 500 |
| 1 transportation | 250 |
| TOTAL | 152,500 |

*Increased capital from a project approved in 1979
Source: Committee for Foreign Investments

Speaking of foreign investments and credits, Ffrench-Davis concluded that it is feasible to complement these with internal efforts under circumstances like "temporary imbalances in the balance of payments, unconditional long-term loans as a complement to domestic savings and direct investments as a means of access to certain technologies and markets." To the economist, "the unrestricted opening and concession of franchises to foreign private capital so that its massive entrance is the resource that permits the economic development of the country should be rejected."

Changing Interests

For many years before 1970, most foreign investments concentrated on the mining sector. Lahera's study stated that this represented 57 percent of the total in 1967 while the manufacturing sector received less than 10 percent, services had 27 percent and the financial sector only 0.5 percent of the total investment.

The policy begun in 1970 noticeably altered this distribution. The participation of the mining sector was reduced to less than 20 percent, the manufacturing sector received more than half the total investment while services decreased and the financial sector was reduced to only one foreign bank left in the country.

During the past 6 years, the distribution of investments has again changed with the principal difference, as we said before, being the renewed importance of the mining sector. Almost half of the flow of direct foreign investments between 1974 and 1979 went to that sector. However, it still has not achieved the significance that it had at the end of the previous decade. According to the data supplied by the ECLA report, industry will always be in second place in the distribution of investments with 23 percent of the total, services (banks and trade) will receive 14 percent and other sectors will have the remaining 18 percent.

Since a new mining investment of the magnitude of those approved in 1978 and 1979 has not been finalized, the sectorial distribution will change in 1980 and the total amount will be less spectacular. As of 3 September, this reached $152.5 million.

The Fifty Largest Foreign Investments Between 1974 and 1978 (Thousands of Current U.S. Dollars)

| Foreign Investor | Recipient Enterprise | Accumulated Total 1974-1978 |
|---|---|---|
| Exxon Minerals | La Disputada de las Condes* | 173,166 |
| Marris Co. | Minera Mantos Blancos | 19,225 |
| Exxon | Esso | 15,899 |
| Shell | Shell | 11,644 |
| San Jose | El Indio San Jose Inc. | 10.617 |
| The Goodyear | Goodyear* | 10,103 |
| Gasocean Sudatlantica | Naviera Interoceangas | 8,243 |
| Holderbank | Cemento Polpaico* | 7,827 |
| Firestone | Firestone | 7,350 |
| Superior Oil | Cia. Minera Santa Ines | 4,834 |
| Metallgas | Minera Toqui | 4,679 |
| Diamond Shamrock | Petroquimica Chilena* | 4,555 |
| Cia. Inversionista de Desarrollo | Banco Nacional del Trabajo** | 4,433 |
| Nipon Suisan and Mitsubishi Co. | Empresa Pesquera de Desarrollo | 4,427 |
| Banco do Brasil | Banco do Brasil | 4,000 |
| Citibank | Citibank | 4,000 |
| Banco Real de Sao Paulo | Banco Real de Sao Paulo | 4,000 |
| Banco do Estado de Sao Paulo | Banco do Estado de Sao Paulo | 4,000 |
| Banco Exterior de Espana | Banco Exterior de Espana | 4,000 |
| Bank of America | Bank of America | 4,000 |
| Muscamo, Canada | Catecu | 3,794 |
| Banco de Santander | Banco de Santander | 3,770 |
| Inversiones Caspio S.A. | Banco Nacional del Trabajo** | 3,525 |
| Basi | Anilquimica Ltda., Polimeros Nacionales | 3,391 |
| Geomin | Minera Chilena-Rumana | 3,095 |
| Fabrica Espanola de Magnetos | Femsaco | 2,400 |
| NCR | NCR | 2,381 |
| The Coca-Cola | Coca-Cola | 2,372 |
| Philips | Philips | 2,285 |
| Nipon Mining Co., Ltd. | Cia. Cobre Iquique | 2,276 |
| Citibank | Adelantos y Creditos | 2,250 |
| Backitt and Colman | Industria Atlantis | 1,930 |
| 3M | 3M | 1,900 |
| Rosenthal | Porcelana Florencia | 1,839 |
| Presser ag Harbison | Refractarios Chilenos | 1,591 |
| Overseas Manufacturing Co. | Bata | 1,589 |
| Compagnie Financiere Eternit et. al. | Pizarreno | 1,544 |
| L'Interpeche | Pesquera Iquique** | 1,529 |
| Nestle | Savory | 1,521 |
| IBM | IBM | 1,500 |

[Continued on following page]

| Foreign Investor | Recipient Enterprise | Accumulated Total 1974-1978 |
|---|---|---|
| The Swedish Match Co. | Compania de Fosforos | 1,430 |
| Hoescht | Hoescht | 1,400 |
| Akso Pharma BV and Betrex BV | Hormoquimica de Chile | 1,387 |
| Asfalim, Itafa, Soc. Fin. de Dev. Ina., Affisa | CHIPRODAL [Chilean Food Products Company] | 1,311 |
| The Antofagasta and Bolivia Railway | The Antofagasta and Bolivia Railway | 1,249 |
| Roche | Roche | 1,220 |
| Citroen | Automotriz Arica* | 1,200 |
| Wolfran Inv. Co. | Forestral Carampangue | 1,168 |
| Sandoz | Sandoz | 1,015 |
| Hamco Co. | Astilleros Marco | 1,000 |

*Purchase of shares
**No direct foreign investment
Source: "Presence and Participation of Multinational Enterprises in the Chilean Economy" by Eugenio Lahera

Banks: Interest Barometer

In spite of the recent provision by the Banco Central de Chile which raised the minimum capital of any bank--national or foreign--from $4 million to $10 million, the interest of investors in opening branches in Chile of the main foreign banks has not diminished.

As of 30 September, the Committee for Foreign Investments had approved requests for 17 branches, the majority of which are already operating with elegant local offices although they have few accounts so far.

The 30 offices of foreign banks approved in recent years should also be included. They do not have large buildings or deal directly with the public but are in Chile for other business. In many cases, they represent the interests of multinational enterprises which have subsidiaries in our country.

Foreign Banks in Operation

Banco do Brasil
Republic National Bank
Bank of America
Citibank N.A.
Banco Real
Banespa
Banco de Santander
Banco Exterior
First National Bank of Boston
Banco Sudameris
Chase Manhattan Bank
American Express
Banco de Colombia
Banco de Tokyo
Banco de la Nacion Argentina
Banco Central de Espana
Continental Illinois

Source: Superintendency of Banks and Financial Institutions, Committee for Foreign Investments

7717
CSO: 3010

## AIR FORCE TO REVITALIZE ANTARCTIC SCIENTIFIC BASE

Santiago EL MERCURIO in Spanish 7 Oct 80 p 6

[Text] After 16 years, the FACh [Chilean Air Force] Presidente Gabriel Gonzalez Videla scientific base in the Antarctic will be reactivated. This effort or opening is one of many development projects that will be initiated next month. They will permanently erase the image of isolation and solitude for our territory on the frozen continent.

The only airfield that stays open the entire year for all models of transport airplanes will be expanded to 1,300 meters. In this way, the FACh Teniente Rodolfo Marsch base will become a connecting point for all national installations. The work will be done around the beginning of the summer and involves several projects which representatives of the Chilean Army, Air Force and Navy announced to EL MERCURIO.

The Antarctic base commanders also related particular details of their work, revealing that the main efforts were aimed at exploration and penetration toward the southern part of the Antarctic territory. The reason for this exploration is to locate airfields in order to install new scientific and research bases.

### End of Isolation

The main projects undertaken by an expedition organized by the FACh which will have the support of more than 150 men, heavy machinery and modern equipment will be carried out at the end of November. These involve the construction of a large hangar for Twin Otter, Buffalo and Hercules airplanes and UH-1H helicopters that are being used in the Antarctic for transportation between the bases and the continent.

Also a complete air terminal will be built by the end of 1980 or January 1981. This building will receive tourists and delegations that now arrive at the Teniente Rodolfo Marsch air base in larger numbers than the average 100.

"Cafeterias in the Antarctic?" EL MERCURIO asked the spokesmen, Commander Guillermo Aird, project chief, and Commander Miguel Camus Saldias of the FACh. "Well, there will be some installations for the people who arrive in Antarctica. At present, they get off the airplane and must wait outside until they are taken to shelter. Generally, the tourists include elderly women. At times, we have had to help these elderly women walk because climbing and walking in the snow is not the same as walking on land and their balance changes."

He was asked: "What other projects are included?"

"In addition to the airfield that will end the isolation of the Antarctica and provide absolute safety for landing transport airplanes--which is the fundamental part--navigation aid will be increased through the installation of equipment including a VOR-DME radio beacon. This will permit airplanes and ships to operate with greater safety," explained Commander Aird.

He said that the installation of the Racal communications system now operating expanded radio communication to the whole world and put the Chilean Antarctic territory in the position of meteorological representative.

All this infrastructure and the expeditions toward the South Pole mean that the Antarctic personnel barely rest. "The people work 20 hours at a time. I remember in 1979 we did not stop until 2000 hours on 24 December and we ignored New Year's Day and devoted ourselves to work," said the commanders. They have lived there for long periods of time, preparing this great project to promote a territory that, according to the treaties, is a "place of peace."

Soundings for Krill

On 6 November, it will be 40 years since the signing of Decree 1747 which fixed the definite boundaries of Chilean Antarctic sovereignty. The document stated: "The Chilean Antarctica or Chilean Antarctic Territory is formed by all the land, islands, reefs, glaciers and other known and unknown areas and the respective territorial sea within the boundaries of the cap formed by the meridians Longitude 53° West of Greenwich and Longitude 90° West of Greenwich."

This historic anniversary and the news from their bases were analyzed in person by Capt Pedro Romero and by telephone by the top chiefs in the Antarctic.

"The revolutionary events include the first soundings for krill which will be done in February 1981. The expedition will use the Biomassfibex method and will include the Hitzumi ship from the Undersecretariat of Fishing which will be carrying 12 scientists from different countries," he said.

"I think the Antarctic territory is a very valuable patrimony which Chile should know and exploit scientifically. Research in all disciplines should be done there; this will also increase our sovereignty," he ended.

"Hello, the Base Here"

A lot of snow fell in the Antarctic. "Hello, the base here. We are reviving after the terrible loss of our officers," said Group Commander Horacio Lopez del Castillo, top chief at Teniente Marsch base. He was referring to the helicopter crash a few days ago.

"The meteorological center has greatly improved since the installation of the new communications equipment. At this time, Chile is one of the countries, with the United States and the USSR, which is a regional meteorological center. All the communications pass through here and our country has attained an importance it never had before. This has notable influence on our sovereignty," he said.

"As to the projects, we are ready to receive our instructions and to make expansions and repairs. Everything is ready for the arrival of foreigners this summer. With the installation of the airfield which is open all year, we have only been alone about 45 days. Before, we could speak of isolation but no longer. (The aviators here noted that an airplane can fly from the capital to the base in 16 hours and return to the southern part of the continent.)

"The most important task is maintenance of the airfield; we spend a lot of time on this. This spring we received a lot of snow. Thank you for the call. In my own name and that of my officers, let me express my pleasure in talking with EL MERCURIO."

Road to the South

Commander Juan Morales Salgado from O'Higgins base spoke with these reporters concerning the significance of the human, military and Chilean presence in a place like Antarctica.

"We are pleased to fulfill our tasks. It is a sacrifice that will accentuate our sovereignty. This is delicate, selfless and at times dangerous work. We have reached a stage of 40 years of developing sovereignty," he said.

"We want to continue expanding our dominion and knowledge toward the South Pole and to achieve more stability. We are now preparing for the summer work--to make the base ready to receive scientists and tourists. I have heard that some authorities will visit us soon. It would be an honor for us to receive our superiors here. Tell everyone that we can properly welcome Chileans and foreigners here at O'Higgins base."

At the Capitan Arturo Prat base, the first one built on the Guesalaga Peninsula, Puerto Soberania, there was also fatigue and dynamism. The principal functions of synoptic and surface observation, exploration and developmental work are combined with planned research. One will be soundings for krill which will provide new information about this small crustacean.

7717
CSO: 3010

DOCUMENT ISSUED IN PROTEST OF PLEBISCITE

Santiago HOY in Spanish 8-14 Oct 80 p 9

[Text] The opposition presented a document signed by 45 people to the National Examining College which contained reasons that the "plebiscite" (between quotation marks) lacked "any legal validity or moral credibility."

This presented a question that might or might not have an historic effect. It is possible that some day, by invoking that document, it will be possible to demand the replacement of the Constitution of the present regime although EL MERCURIO indicated that "the attempt to invalidate the plebiscite will not have any internal legal or political effect." It added that all the sectors must work "based on this fundamental fact" (the plebiscite as a reality).

The document presented to the National Examining College (18 pages plus an attachment of 30 documents) was signed by the following, among others: Manuel Sanhueza, Patricio Aylwin, Alejandro Silva Bascunan, Ramon Silva Ulloa, Jaime Castillo Velasco, Gonzalo Taborga, Joaquin Morales Abarzua, Alberto Jerez and Maximo Pacheco.

The document primarily cited the objectionable conditions (the "climate") under which the plebiscite was held. Alluding to the anomalies and irregularities observed in the 11 September vote, the signers noted that, on that occasion, "the mission of the FFAA [Armed Forces] was to guarantee order and others--old and new experts in the field--used that order to mount their electoral operation."

It noted, for example, that the provision to nominate two members by lot was not carried out in the immense majority of the communities. In some areas, certain persons whose loyalty to the government was questioned were replaced by others.

Excessive votes: According to the document, the voting places were picked and set up without any public participation or supervision. The indelible ink was not indelible and the stamp put on the identification card could be easily taken off which "left the doors open to double voting by government partisans." In spite of the fact that the number of votes at each voting place could not exceed 300, a large number of them surpassed that figure and reached 400 and even 500 voters.

The vote examination was done, according to the document, with the public kept 2 to 6 meters away from the respective sites. There were differences between the votes counted and the signature book.

There were also data to make the signers think that there were "serious allegations of vote exaggeration." In the metropolitan region, a comparison of the figures from the January 1978 plebiscite and the September plebiscite showed an average increase of 18.4 percent, "surprisingly different from the increase in population in the same region in the same period of time." Also voter abstention in the last three presidential elections (1958, 1964 and 1970) fluctuated between 13.2 percent and 16.5 percent; this time it barely reached 6.8 percent.

Because of all this, the signers asked the National Examining College to accept the denunciation of anomalies and irregularities which "nullify" the referendum.

The government responded with a note issued by the Social Communications Division.

It indicated that the demand "lacks any legal or moral basis since it is based on purely political evaluations and does not contain any concrete fact that shows an infraction of the law."

Along with reaffirming the legitimacy and validity of the plebiscite, the government indicated that the demand "is a desperate combination of all the false statements formulated before, during and after the plebiscite," which in no way contributes to national unity. It added that if they cannot prove their statements, the accusers "will always carry the stigma of having seriously offended thousands of honest compatriots and of having once more aided the international conspiracy against Chile."

7717
CSO: 3010

## BRIEFS

COPPER PRODUCTION RISES--At the end of the present decade, the El Teniente Division of CODELCO [Copper Corporation] Chile should produce 325,000 tons of pure copper per year. This represents an increase of 27.95 percent compared to the total produced by this deposit this year. This estimate was announced by Nibaldo Cordova, head of the Mine Engineering Department, and is one of the first conclusions of the 1979 prefeasibility study done by the U.S. consulting firm, McKee. That same firm will complete a feasibility study by December which will define the production levels, costs and other important factors for the future of El Teniente. A similar project, although at a less developed stage, is being done by the U.S. consulting firm, Bechtel, on the Chuquicamata deposit. Both "studies of global development"--as CODELCO calls them--try to determine the optimum "high or low" production level with respect to the present situation in Chuquicamata and El Teniente. The projects are based on the known fact of the gradual decrease in content in the two deposits which will require increased treatment if the present production of pure copper is to be maintained. The reports made public by the El Teniente executive are the first from these studies and indicate the need to gradually increase the present ore treatment capacity at that deposit. The El Teniente treatment plant now processes 62,000 metric tons per day. By 1986, this capacity should increase to 80,000 tons, to 100,000 tons between 1989 and 1990 and to 110,000 tons by the middle of the next decade. In this quarter of a century, the purity of the ore in this deposit will decrease from the present average of 1.54 percent to 0.9 percent. Nibaldo Cordova said that the required investment for El Teniente in order to take care of the decreased content and, at the same time, increase the annual production of pure copper is one of the major factors the McKee feasibility study will estimate. He felt that the amount required could "involve more than $100 million." [Text] [Santiago LA TERCERA DE LA HORA in Spanish 6 Oct 80 p 4] 7717

CSO: 3010

JORGE BLANCO DISCUSSES PRD, GUZMAN, PENA GOMEZ

Santo Domingo LISTIN DIARIO in Spanish 9 Sep 80 p 2

[Interview With Salvador Jorge Blanco by Epifanio Rodriguez]

[Text] Santiago--The senator for the National District of the Dominican Revolutionary Party [PRD] has described as very fruitful for his party and the country the meeting between Dr Jose Francisco Pena Gomez and representatives of the business sector.

Questioned by this journalist, Dr Salvador Jorge Blanco said that the meeting clarified matters of great importance, in view of the influence of the business sector and Dr Pena Gomez on the country.

He stressed that the meeting, which took place several months after Pena Gomez' explanations and observations about Dr Luis Augusto Ginebra's speech before a group of businessmen, reveals that it has been possible to determine, define and explain important points.

As you will recall, Ginebra referred in his speech to the so-called advance of communism in the Dominican Republic after the installment of the constitutional government headed by Antonio Guzman.

On another matter, we asked Jorge Blanco to define his position on the agreement between the Dominican Government and Gulf and Western in relation to the multinational company's debt with the Dominican state.

Essentially, the political leader answered by analyzing the legal aspect of the matter. He said that before evaluating the agreement, it is necessary to establish its nature.

He explained that it is a matter of a compromise agreement to avoid litigation between the interested parties and indicated that the settlement is a legal action which is taken to prevent a lawsuit or annul one already in progress or resolved by the courts.

He stated that the compromise implies reciprocal sacrifices from the parties. He added that a fruitful agreement had been reached which put an end to the difficulties arising from Gulf's reported $38.7 million debt to the Dominican state.

Dr Jorge Blanco was also asked about signs of increased reconciliation between the PRD and the government resulting from the meeting between Pena Gomez and President Guzman.

To this he said that conciliation and harmony permitting an understanding between the party and the government would require something more than President Guzman's visits to the PRD National Headquarters or visits from PRD leaders to the National Palace.

He recalled that 2 months ago a document was delivered to the Political Commission which contains the guidelines of what the understanding between the Party and the government should be in order to facilitate the party's tasks and also to cooperate for the success of the current government.

Jorge Blanco said that as yet the PRD Political Commission has not reached any solution concerning the above-mentioned document, which has 10 points he considers cardinal.

The document reiterates views which have been stated since the very beginning of this government.

In addition, we discussed the theme of Dr Jorge Blanco's hope of being nominated candidate for president by his party at the 11th convention. Specifically we asked him whether he believed that influential sectors of the government could thwart this hope.

He recalled that there have already been obstacles on previous occasions, but warned that he could not jump ahead of events and pointed out that it is necessary to wait before evaluating the real situation.

He stated that his party is struggling constantly to make internal democracy prevail and to remove the vestiges which impede the path toward the establishment of a climate of respect and freedom which at the same time tends to strengthen the PRD.

With respect to the difficulties which have arisen during recent trips, including his being prevented access to the Party's premises in the city of Montecristi, he also stated his position.

He said he believes these situations stem from the actions of middle-level and grass-roots leaders, without any decisions involving the party's top leadership.

Finally we asked Jorge Blanco to evaluate his status. He said that in general terms he has been gaining ground and talked about his satisfaction with the work that has been done.

He said that hundreds of leaders are working to educate and to raise political awareness concerning domestic problems and problems of general interest to the Dominican Republic.

[illegible]
CSC: 3010

## PAULINO PEREZ REJECTS TIES TO TRINITARIOS

Santo Domingo LISTIN DIARIO in Spanish 9 Sep 80 p 4

[Text] A former leader of the Trinitarios group stated last night that he has severed all ties with that organization and, specifically, that he is in no way involved in the criminal acts that are being attributed to him.

Ramon Emilio Paulino Perez said in an interview with the editors of LISTIN DIARIO that last Friday he visited the National Police where he spoke to Colonel Delmonte who is in charge of the department of crimes against property for the purpose of clarifying his situation with regard to several acts in which that department has implicated him.

Paulino Perez stated that Colonel Delmonte had assured him explicitly that "the National Police are not seeking you in connection with any armed attack carried out during the last few days."

The official also assured him that they are also not looking for Lorenzo Mejia Frias, whom the authorities accuse of having participated in those acts.

Paulino Perez stated that he wants to make it very clear that he is not involved in the acts that have been attributed to him and that he has never been wanted by the police.

He also stated that he had called on District Attorney Julio Ibarra Rios, and that he was asked to visit that office again this morning in order to clarify his status once and for all.

In its 5 October issue this newspaper published a report which stated that the National Police had confirmed that leftist elements connected with the Trinitarios group headed by Guillermo Rubirosa Fermin were responsible for certain armed attacks, assaults and other criminal acts which have taken place in Santo Domingo during the past few days.

Among those being sought were Lorenzo Mejia Frias, alias (Clay), along with his brother Rogelio and Ramon Emilio Paulino Perez.

According to the report the police had asked the Mejia Frias brothers and Paulino Perez to surrender so that they might be brought to trial.

Mejia Frias (Clay) and his brother were definitely involved in an attack on the manager of a business engaged in the repair of air conditioners.

Meanwhile, Paulino Perez, while stating that he is not a member of the Trinitarios group, said that he shares its political stance since the group has stated that it will work politically without performing acts of violence.

"But if there is repression, they can rest assured that we will take the road to violence," Paulino Perez said.

Finally, he said that the police had agreed to state that he was not linked to recent criminal acts, but had not done so.

9204
CSO: 3010

MILITARY ASSISTANCE FROM TAIWAN REPORTED

Santo Domingo LISTIN DIARIO in Spanish 12 Sep 80 p 5

[Text] The deputy chief of the Chinese Joint Chiefs of Staff visited the secretary of the Armed Forces yesterday, and promised full cooperation in the aid his government is providing to our military training system.

Gen Yao Chao-yuan came to the ministry accompanied by Chinese Capt Ti Ta-san; by Andrew Wu, interpreter; and by Air Force Col Leonel A. Munoz Perez, his aide-de-camp.

Air Force Lt Gen Mario A. Imbert Mc Gregor and the senior Chinese military officer spoke about the Dominican irrigation projects and the cooperation that the Armed Forces of both countries may be able to provide each other in the future.

During the visit the head of the Dominican Armed Forces and the deputy chief of the Chinese Joint Chiefs of Staff exchanged greetings.

General Chao-yuan was later invited by Air Force Lieutenant General Imbert Mc Gregor to the Center of Operations of the Armed Forces and the National Police (COFA) where he was introduced to the personnel of the General Staff.

Col Jaime Nunez Cosme spoke about the activities and the organization of our Armed Forces and a film was later shown which showed the different aspects of military development in the Dominican Republic, including training, civic action, sports, agricultural cooperation, public health assistance, social events in military clubs and so forth.

The narration, which was conducted by Osvaldo Cepeda y Cepeda, a military officer attached to the Armed Forces Secretariat, was translated by Mr Andrew Wu.

After the film had ended General Chao-yuan asked various questions about the armed forces institutes of the country which were answered by Air Force Lieutenant General Imbert Mc Gregor and Colonel Nunez Cosme.

Present were personnel of the General Staff, including Maj Gen Ramiro Matos Gonzalez, chief of the General Staff of the National Army; Air Force Maj Gen Pablo I. Garrido Medina, chief of staff of the Dominican Air Force; Maj Gen Dr Virgilio Payano Rojas, a lawyer and head of the National Police; the staff under secretaries of the Armed

Forces, Air Force Maj Gen Alfredo S. Imbert Mc Gregor and wife, and Brig Gen Luciano Diaz; Medical Corps Brig Gen Dr Jorge A. Diaz Vargas, director general of the Military Medical and Health Corps of the Armed Forces; Rear Adm Julio Cesar Ortiz Pena, deputy chief of staff of the Navy, representing Navy Chief of Staff Vice Adm Francisco Amiana Castillo, who is abroad; Col Dr Bolivar Soto Montas, a lawyer and legal adviser; Col Ramon Zorilla Santana, chief of the Logistics Division; Col Luis J. Martinez Cabrera, chief of the J-2; Col Amable Bueno Oviedo, chief of the Communications Division; Col Orlando A. Saillant Ornes, a parachutist and chief of Public Relations; Col Rafael Diaz Hernandez; and Lieutenant Colonel Morales, chief of the Office of Personnel.

9204
CSO: 3010

DETERIORATION OF VENEZUELAN RELATIONS WITH CUBA SEEN AS POSITIVE

San Pedro Sula LA PRENSA in Spanish 30 Sep 80 p 7

[Editorial: "Venezuela and Cuba -- Logical Split Between Democracy and Totalitarianism"]

[Text] Perhaps when this editorial is published the break in relations between Venezuela and Cuba will have already been made official. The ties between the most prosperous democracy in Latin America and the communist dictatorship in the Caribbean have been eroding rapidly since President Luis Herrera Campins came into office. According to the most recent information, they reached their lowest point on 28 September.

What set off the crisis was the withdrawal, unexpected and without official notice, of the Cuban diplomats (altogether 27) occupying the Cuban Embassy in Caracas. Castro's representatives left Venezuela abruptly, a few hours after receiving a telephone call from the island dictator in which he informed them of his irritation over a court judgment handed down in the fatherland of Bolivar.

The judgment acquitted four men (two Cubans and two Venezuelans) who had been tried in 1976 for the supposed crime of placing a bomb on an aircraft of the Cuban Airline Enterprise, which was destroyed in flight by the explosion.

After he learned the decision of the court that tried the case, Castro delivered a harsh speech in which he called the Venezuelan leaders "hypocritical Pharisees" and hinted that the military had brought pressure to bear so that the accused might be declared innocent.

Both the embassy and consulate of Cuba in Caracas, as well as the office of its press agency, were deserted on the same night as the final judgment. It was learned that the members of the legation did not even take leave of the Foreign Ministry.

Meanwhile, in view of the virulent attacks by Cuban radio and by Castro himself, the Ministry of Foreign Relations of Venezuela issued a communique rejecting the dictator's statements as "false, disrespectful and unacceptable."

The Caracas Government's message states official "amazement" over the desire of Cuba's strong man that Venezuelan justice should act in accordance with Castro's criteria.

"The Cuban Government cannot understand," the communique states, "why Venezuela feels proud of its state of law. And, therefore, accused persons can only be sentenced or acquitted in accordance with the facts and not by what governments in office may think or order."

Finally, the text described Castro's statements on a presumed interference by the court-martial on the decision to acquit the accused as "rash and malicious."

When Venezuela was governed by Carlos Andres Perez, who became famous for his histrionics and demagogy, to the point of becoming the international figure of a political snob, the terms of the relations between the two countries were very close, in view of the fact that the Socialist International, run at that time by Olof Palme, another great prima donna of the "revolutionary" gibberish, who visited Cuba and was filled with wonder at its great "economic and political achievments," played into the Cuban dictator's hands with unspeakable deliberations and proposals.

But both Palme and Perez lost elections in their countries (Sweden and Venezuela) and were replaced by more serious leaders, consistent with democratic thinking and responsible to their countries and to the international community.

As a result of the existence of the free election system, the Social Christian Party (COPEI) came into office in Venezuela and the honeymoon between Castro and the presidential palace began to wither.

Venezuela's Christian democrats have not allowed Castro to put his hand in the country's internal affairs and they have not believed that the popularity of a government official or a party is enhanced by playing into the hands of a Marxist dictator who, regardless of how much he invests in propaganda to make him pass as a hero, is just another tyrant, with a rhetoric different from Somoza's but equally cruel (if not more so) when it is time to deal with his opponents.

The sovereign decision to issue a court decision on the Cuban Airline incident was the drop that made the cup overflow. But, basically, what there is is a deep-seated contradiction between democracy and totalitarianism, between freedom and oppression, between the system of laws and a police regime.

It is interesting to observe the phenomenon for various reasons. One of them, because it is proved once more that communism does not respect the people's sovereignty. Another, of extremely current interest to Honduras, because it is made obvious that a Christian democrat party, loyal to its

doctrinary principles, cannot go very far in its relations with a totalitarian party and the third reason, because it teaches us when the forces of moderation do not play into their hands, the extremists abandon the fiction of friendship and go off on the shortcut of aggression.

It may be that the break will not be declared right now. Perhaps it will. But, regardless of whether or not it occurs, the important thing is that, for the nth time, what Pius XII said is verified: "Communism is intrinsically perverse," and to clear away all doubts it is confirmed that, as Lenin said very well, "there is no brotherhood possible between the wolf and the sheep."

10,042
CSO: 3010

## NICARAGUAN REGIME URGED TO HEED PEOPLE'S WISHES, PROTESTS

San Pedro Sula LA PRENSA in Spanish 2 Oct 80 p 7

[Editorial: "People and Cubans in Nicaragua"]

[Text] The news coming from Managua, Nicaragua, and disseminated in similar terms by every news agency, to the effect that the people of the neighboring country are already beginning to protest -- strongly and with street demonstrations -- against the presence of Cuban military personnel and political police, camouflaged as "physicians" and "teachers," seemed very significant to us.

"One person was killed and two more were wounded in disturbances that occurred today in the Atlantic port of Bluefields, during street demonstrations protesting the presence of a group of Cuban physicians and teachers, the authorities have reported," according to an AP dispatch.

"Over 5,000 persons demonstrated in the streets of Bluefields, some 150 kilometers from this capital, shouting against the presence of the Cubans. It is said that there are 300 Cuban physicians, in addition to an undetermined number of teachers of that nationality."

The Cubans have been in Nicaragua since the beginning of the year, assisting the National Reconstruction Junta in its literacy and public health drives.

The protest began on Sunday (28 September) and continued on the next day, obliging the authorities to mobilize Army troops toward the region. But the troops were in their barracks today (1 October) while members of the junta went to Bluefields.

According to reports received here, one of them, Dr Sergio Ramirez Mercado, tried to engage in a dialogue with the demonstrators. Another junta member, Dr Rafael Cordoba Rivas, in Managua, described the situation as "very critical."

The Bluefields event, which cannot be analyzed at this distance in all the detail that a sociologist would regard as necessary for arriving at a correct conclusion on its deep-seated motives and real objectives is, nevertheless, a clue, evidence that the people of Nicaragua do not feel in solidarity with or committed to the Cuban "physicians" and "teachers." But rather quite to the contrary. They reject their presence and are asking that they be invited to leave the country.

We must necessarily ask ourselves: Can it be that the inhabitants of Bluefields have gone crazy and are rejecting the medical care and the education offered by the Cuban "volunteers" sent by the Marxist government in Havana?

Or can it be that there are a large number of grounds and that the self-proclaimed physicians and teachers are nothing more than an expeditionary force, in civilian clothes, that has arrived in Nicaragua to act as the vanguard of the Soviet empire?

The people of Central America are noble, simple and grateful. When physicians came from the United States in those famous caravans conducted periodically by American physicians, bringing instruments and medicines, visiting rough, inhospitable and remote places, and administering care to rural people free of charge, the people not only received them with affection and gratitude, but also even gave them a hen, a rabbit or a log from their meager family treasury.

But what would happen if these men, dressed as physicians (or as teachers, which is the same, for practical purposes) should come to impose an ideology, a domination, an iron discipline, brainwashing and, finally, subjection of communities and country to a foreign government?

Simply, the protest would not be long in coming. First, with street demonstrations, as in Bluefields. Later, no prediction can be made. Perhaps it would start with isolated attacks on the agents of imperialist penetration. That is how General Sandino began his struggle. In the long run, the sum of those acts of rebellion might degenerate into a revolution, especially if the masses of the people are organized, trained politically and become aware that the men in the government are the ones who have sponsored the country's invasion by a foreign force, advocating intolerance, violence and totalitarianism.

The representative of the Nicaraguan Junta is telling the truth when he states that the situation in Bluefields is "very critical."

In the first place, because it reveals that the people on the lower level do not want the struggle that their brothers, sons, husbands and fathers waged against a dynastic regime to come to an end in the establishment of another oppressive government. In the second place, because what happened in Bluefields at the end of September will have an effect on other communities in Nicaragua and will continue to spread progressively to the whole nation.

SALVADORAN CHURCH'S ATTEMPTS TO ISOLATE LEFTISTS PRAISED

San Pedro Sula LA PRENSA in Spanish 16 Sep 80 p 7

[Editorial: "El Salvador -- the Church Draws Away From the Extremists"]

[Text] After a week full of violence, terror and blood, in which there were, according to unofficial figures, over 150 deaths caused by bombs and machinegunnings, terrorist fires and guerrilla attacks, the apostolic administrator of San Salvador, Monsignor Arturo Rivera y Damas, condemned the criminal methods used by the parties and said, with regard to the extreme left, that it is acquiring for itself the people's repudiation.

The unexpected statement by the acting bishop of San Salvador, heir of the deceased archbishop, Oscar Arnulfo Romero, was made after a series of bombs placed by terrorists of the various revolutionary gangs operating in the neighboring country caused the death of a number of persons who have nothing to do with the undeclared war being waged in Cuscatlan.

"Peaceful coexistence can be achieved only by respecting human dignity," the Catholic pastor said in his sermon on 14 September, in which he also maintained that the indiscriminate attacks by Marxist groups "have made them earn the repudiation of many people." In the opinion of Monsignor Rivera, the guerrilla fighters belonging to various radical groups are seeking the power "not by means of consensus but rather by force of arms."

Up to now, most of the acts of violence have been laid claim to by the Popular Liberation Forces (FPL), which not only state that they are the perpetrators of the acts involved, but also announce more and increasingly destructive operations.

The FPL members said that many of the persons killed had been "executed" for belonging to the Nationalist Democratic Organization (ORDEN), an extreme right group that was outlawed by the Government Junta.

While the government has limited itself to issuing very concise bulletins in which minor skirmishes are mentioned, the armed bands of the left have been extremely explicit.

It would not be remote for the left to decide, any moment now, that the Bishop must be eliminated physically, but if that should happen, it would be difficult for it to change the present line of the magistracy. On the contrary, it would very probably strengthen it, owing to the intense rejection that usually follows a situation of terror.

In that state of affairs, it is increasingly unlikely for the partisans of totalitarianism to achieve the power in El Salvador. Nevertheless, the Junta must decide, as soon as possible, on a political solution to the crisis, because it cannot go on as it has been too much longer.

Democracy -- political, economic and social -- is the only long-range answer to the problems of underdeveloped and oppressed countries. Those leaders who understand this clearly and act accordingly will live to see peace and progress and when they cross the threshold of the beyond, they will continue to live eternally in the hearts of their people.

PEMEX OIL SALES TO JAPAN DISCUSSED

Mexico City EL SOL DE MEXICO in Spanish 1 Oct 80 Sec B p 3

[Text] Mexican Petroleum stated that the commitments for exporting oil assumed by Mexico are being carried out in accordance with the respective programs in each instance, noting that, starting today, sales to Japan will amount to 100,000 barrels per day.

The government oil company observed that the fulfillment of international commitments is a result of the assiduousness with which the various tasks of the sector are being carried out, both in exploration and in production and sales.

These comments were made by PEMEX, which explained that, based on the export commitments assumed with Japan, as of today the volume of sales will reach 100,000 barrels per day, a figure which does not represent any change insofar as the contracts are concerned.

It was commented that the documents which were signed indicate that the shipments would start with 25,000 barrels per day on 5 May of this year, and this volume increased until it reached the agreed upon figure, which is the one that will be maintained starting today.

It was said that the increases in sales were staggered and, when they reached the total volume, the terms would be fulfilled on time and PEMEX's export program with that country would be met.

The first shipment of Mexican crude to the Orient left on 5 May, bound for the Mitsubishi Corporation, which was already familiar with the Mexican product, and which had processed it in its refineries, so that it could become familiar with it on an industrial scale.

The Mexican oil company indicated that, to date, all the commitments for foreign sales have been kept in accordance with the contracts signed with all customers.

It was remarked that there has been no change in the sales programs, despite the fact that there have been requests from several countries to increase the volumes of our crude that are exported.

2909
CSO: 3010

SAUDI ARABIA SHOWS INTEREST IN DEAL WITH PEMEX

Mexico City EXCELSIOR in Spanish 4 Oct 80 Sec A pp 18, 27

[Text] Acapulco, Guerrero, 3 Oct--The general director of Mexican Petroleum, engineer Jorge Diaz Serrano, stated that, on the occasion of his recent trip to the Middle East, he found that a country as important as Saudi Arabia was interested in having several companies, especially Mexican Petroleum, participate in the implementation of the plans that it has devised, and announced that "we are ready to provide them with cooperation in two areas:

"First, by supplying high technology, which we would do in coordination with the Mexican Petroleum Institute; and, secondly, by engaging in projects of large scope, in which case PEMEX would back the contracting firms from our country working there."

He added that he would soon be visiting the Far East, among other reasons, to obtain firsthand information about the oil industry in the People's Republic of China. He said that it was possible ("and we shall attempt it") that we might cooperate with that industry, by means of projects similar to those mentioned previously in connection with Saudi Arabia, including activities involving geological and geophysical exploration, as well as other exploration work both on shore and at sea."

The official cited the Chicontepec project, noting that it was estimated that the development of the paleocanal would require 25,000 workers; which means that approximately 150,000 persons would depend economically on oil. "Arrangements are now being made to supply training and skills to the work force in the area, so that the recruitment of qualified personnel (a fifth of the total number) can be made preferably (if not at first, then at a later stage of the work) among the local residents."

2909
CSO: 5010

ISRAEL CONTINUES TO BUY MEXICAN OIL

Mexico City EL SOL DE MEXICO in Spanish 21 Sep 80 Sec B pp 1, 4

[Text] Jerusalem, 22 Sep--(EFE)--Even though the prices of oil of the OPEC nations may drop, Israel will continue to purchase it from Mexico and Egypt, its main suppliers of crude, claimed the minister of energy, Yitzhak Modai, who acknowledged the fact that, at present, Israel could buy hydrocarbons on the free market in Rotterdam (The Netherlands) at lower prices than it is paying, but that this would entail a risk for Israel.

According to the FINANCIAL TIMES of London, Mexico will sell Israel 60 percent of the 8 million tons that it consumes annually (160,000 barrels per day). The EFE Agency learned that Israel will pay the state company, Mexican Petroleum (PEMEX), about $30 per barrel.

Moreover, Modai told the Israeli press that "there are several foreign companies interested in exploring and drilling in our country, and if they so desire it is because they have real information about potential hydrocarbon reserves in our soil." Israel's entire oil production is confined to 22.98 percent of its needs, after having returned to Egypt the oilfields of Abu-Rudays (in 1975) and "Alma."

The current armed hostilities between Iraq and Iran (an important supplier of Israel until the fall of Shah Reza Pahlevi 2 years ago) have had no effect on the energy situation.

Israel proposes to purchase 20 percent of the crude that it consumes from Egypt. There is a formal commitment whereby Sadat's government must sell crude from the returned wells to Israel, in connection with the peace treaty between the two countries.

The Egyptians reduced the production from the 14 wells that the Israelis had drilled in "Alma" (currently the "Sharab 'Ali" oilfield), in Sinai, from 30,000 to 17,000 barrels per day. However, Cairo's national oil company intends to extract about 10,000 barrels from that area in the future.

The Israelis, facing the negotiations in November of this year, are wondering what price Egypt will ask for the crude from Sinai which, this year, costs between $5 and $10 less than that from OPEC, according to Radio Israel.

The commentator from the state broadcasting company gave a reminder that the return of the "Alma" wells meant an expense for Israel of $1.5 billion to import oil. Nevertheless, Israel is tending to "return to coal."

At the present time, in the locality of Hedera, construction is under way on a huge electrical powerplant, which will operate with coal from South Africa and Australia, and which will produce more than 50 percent of the volumes required by the Israelis.

2909
CSO: 3010

BUDGET SECRETARY PREDICTS 25-30 PERCENT INFLATION

Mexico City EL SOL DE MEXICO in Spanish 4 Oct 80 Sec A pp 1, 10

[Text] The inflation rate anticipated for the end of this year will not be under 25 percent, nor will it exceed 30 percent, according to a statement made by Miguel de la Madrid Hurtado, secretary of programing and budget, at the breakfast held for the "20 Women and A Man" group at the social center of the department that he heads, in Coyoacan.

La Madrid, discussing the inflation problem, remarked that, unfortunately, the rate this year will be higher than the 20 percent predicted, because of the country's accelerated development.

For this reason, the government has implemented a package of policies to reduce it without jeopardizing the nation's growth or employment policies, while at the same time protecting the consumption of the popular classes.

The subject of the interview went on to say that there are two causes for the inflation that we are undergoing: the international economic upheaval, an external factor, and a sharp recovery in the Mexican economy during the past 3 years. Our inflation is not related to stagnation, but rather to development.

Extremely optimistic about the accelerated development of our economy, the secretary of programing and budget said that our economic recovery has been such that there is currently a greater generation of jobs than an increase in the population, and that the demand for labor is greater than the supply, because now employers are having problems finding workers at the rate that they require. Nevertheless, he warned that, despite this satisfactory information, he has not failed to recognize the danger of inflation, a pathological behavior in the economy, and hence it must be combated with production and efficiency.

Owing to the growth in the Mexican economy, with the resultant public and private investment, Mexico will not lose its credit capacity. The public debt has grown, but at a slower pace than in past years, and less than exports. Our debt is in a proper relationship with the country's capacity for payment because the volume of hard currency and our growing economy provide that guarantee. At present, the foreign debt totals $32 billion. Mexico is one of the best debtors on the international credit market. Its debt is less than the credit offered it.

Policy on Subsidies

The purpose of a policy on subsidies is to encourage and stimulate the production of goods and services. It has two goals: to promote some of the economic activities in accordance with the development strategy, stimulating industry and the agricultural and livestock sector, and the protection of the consumption of the popular classes. The subsidy is a natural instrument of the government for the redistribution of resources, but a proper balance must be maintained. When subsidies are unrealistic, they can be a cause of inflationary ills and pressure; then they are described as "monstrous," because they cease to serve their purpose.

At the present time, 40 billion pesos in public spending are earmarked for subsidies, according to the secretary of programing and budget, who said that the majority are justified and others not. Therefore, there must always be a vigilant attitude, reviewing and adjusting them.

In discussing the possibility of an increase in gasoline prices, he said that it would be necessary to observe which social class was being benefited by the subsidy, whether it was the classes economically able to pay the real price of production of the product, or the popular classes, citing in this connection the protection of mass transportation.

Upon being asked why companies such as PEMEX [Mexican Petroleum] do not program their increases, the state secretary replied that this would be ideal, but that, when this does not occur, the necessary adjustment must be made. In the case of the hike in gasoline prices, the inflationary impact would be initial but, over the medium term, it would have anti-inflationary effects, because it provides the state with funds, preventing inflationary pressure. He noted that sometimes, in order to combat inflation, prices must be raised.

The Delay in Teachers' Pay, an Administrative Defect

De La Madrid admitted that the delay in paying the teachers' salaries was due to administrative defects, because in Mexico, with its rapid growth, everything is "too small, as in the case of an adolescent." However, last year a plan was approved for decentralization of payments, the implementation of which will take 2 years. It consists of a decentralization of administrative functions. This program has been introduced in 12 federal government entities and, by the end of this year, it will include all of them except the Secretariat of Public Education which will require a few more weeks, owing to its complexity.

It Is Better To Have a Plan Like SAM Than Not To Have a Fixed Direction

In response to criticism made of the Mexican Food System [SAM] to the effect that it is just another program, the head of the Secretariat of Programing and Budget said that plans are almost never carried out in their entirety, but that it is better to have them rather than risk the lack of direction, and of clearcut notions that will determine the action.

He said that SAM is a multiple, institutional strategy for attacking the problem of nutrition in Mexico. It is based on the recognition that there are large groups of

Mexicans who are not properly nourished. It is also based on acknowledgment that the increase in food production has been downgraded, and that there is unemployment and low income among the farmers, and one of the priority goals of the government of Jose Lopez Portillo is adequate, sufficient food.

The plan is ambitious, and its strategy is complex; hence it requires a change in the production and distribution systems, and in the mentality of Mexicans. It is not a short term program, although this does not mean that we shall not see results soon. It is a comprehensive proposal from President Lopez Portillo, which demands great effort and the surmounting of apathy; but that does not mean that it is not naive. The action must be undertaken and, the sooner there is action, the sooner results will be accrued.

In Madrid does not want Mexico to be a [illegible] exporting (oil) country. In his opinion, Mexico is sufficiently developed to be a country exporting manufactured goods, and hence a stimulus is being given to industrial production and exports; but if the latter have declined, it is because of the demand from domestic consumers and the recession that has occurred in many countries which are customers of Mexico.

[illegible]

## MINI-DEVALUATION ON PESO PREDICTED

Mexico City EL SOL DE MEXICO in Spanish 2 Oct 80 Sec A p 14

[Text] This year, inflation will reach a rate of 25 percent, but if the difference with respect to the United States inflation rate continues to increase, we shall have to expect further minidevaluations of the Mexican peso.

Furthermore, for those who make term investments in banks, it is very important now to note the periodic revision of interest rates, because only those related to terms of over a year have remained stable.

These comments were made yesterday by the analysis management of the James E. Day securities exchange firm.

The analysts said: "There is constant talk about the parity of the peso with respect to the dollar, and this should be analyzed objectively, without allowing ourselves to be influenced by unfounded rumors," because there are several factors which determine that parity and, at present, the only negative factor is, or could be, the difference in inflation rates.

For the present, the positive factors which would prevent a devaluation are the existence of reserves amounting to over $6 billion, a balance of payments which has improved and which is expected to continue improving, a wonderful supply of credit on the international markets, high economic growth of between 7 and 8 percent, political stability, oil reserves and an abundance of natural resources.

2909
CSO: 3010

ADMIRAL CALLS FOR NEW LEGISLATION ON NAVY

Mexico City EL DIA in Spanish 2 Oct 80 p 3

[Text] Yesterday, the under secretary of the Navy Adm Jose Maria Montejo Sierra, described to the deputies affiliated with the pertinent legislative commission the critical situation being experienced by the Mexican Navy, which is preventing it from effectively performing its function to safeguard the country's maritime resources.

During the work session breakfast, the admiral stated that the Navy's cooperative capacity has declined 15 percent during the past 4 years, stressing that many of its vessels are obsolete; that is, their design is unsuitable for the present conditions.

The official observed that, according to a study made in 1976, the 102 vessels which were operating then at 40 or 45 percent of their capacity, are now operating at 35 percent thereof, owing to the normal deterioration of the units.

He also noted that, for this reason, the operation of the ships is a dangerous "chess game," in addition to the fact that the ships on hand are assigned to the critical areas related to oil, fishing and territorial defense.

Admiral Montejo Sierra emphasized that the budget of the Secretariat of Navy is clearly insufficient to meet the requirements of the service, because only 0.4 percent of the federal public budget is earmarked for this area.

He called upon the members of the Chamber of Deputies for new legislation relating to the National Navy, so that the present shortcomings could be surmounted, indicating that there is a need to expand the Navy's equipment and to improve the salaries of its personnel, which are currently meager.

He added that there must be legislation to speed up the granting of incentives in the social security area, as well as authorization for, and collection of pensions for retired seamen and for the widows and children of those who die in service, because, at present, it takes years for them to be processed, something which, he said, is a real martyrdom.

In addressing questions from deputies on the Navy Commission, Montejo Sierra stressed that there is a lack of maritime awareness in the country, which is inconsistent with the fact that a large portion of Mexico's wealth lies in the 10,000 kilometers of coast, and their exclusive economic zone, which is an area comparable to the Mexican continental mass.

He added that it is because of the problems that have been cited that there are islands such as Coronado, which are leased to foreigners, and on which the national sovereignty is confined to the presence of a naval garrison.

The official commented that the Secretariat of Navy has initiated a campaign to create awareness, so that we shall not continue to turn our backs on the sea. As part of it, on 6 October there will begin lectures given in the Federal District in the riparian states and in the center of the republic, to publicize the need for rational exploitation and vigilance for our seas.

2909
CSO: 3010

URAMEX: ENOUGH URANIUM FOR CFE NEEDS

Mexico City EL SOL DE MEXICO in Spanish 29 Sep 80 Sec B p 2

[Text] The country has sufficient uranium reserves to meet the fuel needs of the Federal Electricity Commission [CFE] to operate the nuclear electric plants. It is estimated that, by 1982, the present reserves of 6,700 tons will be multiplied by six.

The foregoing announcement was made by URAMEX [Mexican Uranium], an entity which noted that our country's nuclear problem is complex, but not impossible to resolve, and that it is anticipated that the following goals will be met by 1982:

Having the human cadres to undertake research and development in the nuclear field, who will guarantee optimal use of our nuclear resources;

Establishing sufficient reserves by means of exploration of our uranium ore deposits. In the latter area (URAMEX remarked) the goal has been set to attain 40 percent exploration of 1.1 million square kilometers of national territory, an area considered to contain formations propitious for uranium and other radioactive ores.

An attempt is being made to multiply the 6,7000 tons of positive reserves recorded up until 1976 by six, and at present there are already 8,700 tons.

And finally, among the goals that it is hoped to attain, there is the one for obtaining the first 250 tons of Mexican uranium by the end of 1982, thus insuring the volumes that will feed the reactors of the Laguna Verde Nuclear Electric Plant.

To explain the optimism that prevails regarding the country's uranium reserves, the entity pointed out that, in uranium geology, there is the theory that this element exists in the world in two different ways: in sedimentary formations, and in acidic igneous rock.

It was said that, according to this theory, 90 percent of the uranium discovered to date is in sedimentary formations, and only 10 percent in igneous rock.

Therefore, Mexico has the majority of its deposits in rhyolites, which are acidic igneous rocks; in other words, it has uranium where it was assumed that there should be none, and this has been observed with great optimism along the Western Sierra Madre.

The entity reported that, to complete the exploration and development, six zones have been created, dividing the country: Sonora Branch, Chihuahua Branch, Coahuila-Durango Branch, Nuevo Leon-Tamaulipas Branch, Oaxaca Branch and the recently formed central Branch.

In addition to performing the exploration work which, although it is still minimal, has made it possible to anticipate a larger supply of uranium in the country, construction is also under way on the first major ore processing plant, which will have a daily milling of 1,000 tons, producing 330 tons of uranium concentrates per year.

This plant is under construction in Pena Blanca, Chihuahua, while in La Coma, Tamaulipas, work has started on another plant with a milling of 700 tons per day, which will be able to produce 300 tons of uranium concentrate per year by the end of 1982.

It was emphasized that, for this reason there is a certainty that Mexico will have sufficient volumes of uranium to meet the country's nuclear electric development requirements.

DIAZ SERRANO DISCUSSES INCREASED OIL PRODUCTION

Mexico City EL DIA in Spanish 2 Oct 80 p 1

[text] Acapulco, Guerrero, 1 Oct--The director of Mexican Petroleum, Jorge Diaz Serrano, declared that it would take over 8 months to increase or expand the oil platform, because we would have to produce 500,000 additional barrels, which could be achieved by the middle of 1981 or perhaps slightly sooner.

After accompanying President Lopez Portillo at the opening of the 13th Congress of the Chamber of Industry and Construction, Diaz Serrano said that work is proceeding at a fast pace and that the growth has amounted to 30 percent per year. For the present, the military conflict in the Middle East is not having any effect on the Mexican production platform, which is 2.75 million barrels, subject to a 10 percent increase.

On the other hand, he noted that there is pressure from the fact that everyone is asking Mexico for oil, because it has become one of the countries which has most expanded its oil industry.

Diaz Serrano remarked that, at the present time, work is being done "in two directions: internally, with the total development plan, wherein we shall produce items for our domestic consumption and export what is necessary for our development; and externally, with the World Energy Plan presented to the United Nations by President Jose Lopez Portillo."

[illegible]

CADEREYTA REFINERY NOW IN 'GO ON LINE'

Mexico City EL SOL DE MEXICO in Spanish 28 Sep 80 Sec F p 1

[Text] Monterrey, Nuevo Leon (NEM)--Engineer Gilberto Walls Cardenas announced that in 3 weeks' time PEMEX's [Mexican Petroleum] Cadereyta refinery will be producing 235,000 barrels per day, when the Number 2 combined distillation plant, now in a period of testing, goes into operation.

The petroleum complex's superintendent of processing announced that the new plant is in the "recycling" process, and that it would start up during the first 3 weeks of October, whereupon the Cadereyta refinery will be complete insofar as the processes is concerned.

It is needed to make the refinery totally completed are two hydrodesulphurizing plants, a gasoline cracking facility and a sulphur recovery plant, which will be put into operation this year as well, the official added.

Walls Cardenas also disclosed the fact that two viscosity reducing plants and two high vacuum plants which were not included in the original plans for the refinery, but which had to be included to improve the services of the petroleum complex, are to be constructed.

It said that the two viscosity reduction plants reduce that of fuel, and save on the diesel and kerosene internal distillers which are currently used as thinners at the moment.

The two high vacuum plants, in turn, will bring about an increase in the "loads" of the catalytic cracking plant.

In other words, the new plants will make use of the byproducts and rights to obtain higher quality refined products, and thus cause a qualitative increase in the refinery's operations.

[illegible]
[illegible]

COUNTRY TO PRODUCE, REPAIR JET ENGINES

Mexico City EL DIA in Spanish 2 Oct 80 p 8

[Text] The country will avoid losses of 1.3 billion pesos per year from the flight of hard currency caused by paying for repairs, maintenance and the purchase of engine parts for commercial aircraft.

The CMA [Mexican Aviation Company] and Aeromexico announced that the foregoing will be possible as soon as the new enterprise, Turborreactores, a company with state and private participation, goes into operation.

The balance sheets and fiscal years of the two airlines indicate that one, CMA, is paying over 800 million pesos each year for repairs, purchases of parts for turbines and maintenance. For the same services, Aeromexico is paying about 500 million pesos.

When the agreement between representatives and directors of the country's national aviation companies and the SCT [Secretariat of Communications and Transport] was made official, the respective authorities indicated that, within 12 months, during the early part of September of next year, the facilities would be completely built and the company would complete and finish the first turbine in December 1981.

Francisco Aeredia, director of Turborreactores, stated that, in its initial process, the company would be in a position to repair turbines for DC-9, 727 and 737 aircraft, which are the types most used by Mexican and Aeromexico. These companies, together with National Financing and International Support Systems, agreed to make an investment of 1.85 billion pesos to start the construction of the Turborreactores building, later beginning work involving high technology and specialization.

The official remarked that the building of the plant would reduce the need for replacement turbines. He said that the national airlines would save time and many thousands of dollars spent transporting turbines to the United States for the necessary repairs.

He announced that, starting in January, training courses would be given to the technical and specialized personnel who will be working for Turborreactores, and from this there would be derived complete Mexican technology to be used for the assembly and repair of engines for jet planes.

the building of infrastructure and equipment for the new company as well [illegible]. It will operate with the latest technical advances of international [illegible] aviation, and it is intended to meet the needs of the national airlines [illegible].

[illegible] Urbina also gave a reminder that turboreactores would, in addition, render [illegible] involving the repair of jet turbines and of industrial gas turbines, specifically those used to generate electrical power, and to extract, refine and carry [illegible].

He said that, at present there are in the world four plants similar to the one being built in the state of Queretaro: two in Great Britain, and two in the United States.

COLUMNIST DISCUSSES GASOLINE PRICE RISE

Mexico City EL DIA in Spanish 21 Sep 80 p 7

[Article by Mario Ezcurdia: "34 Billion Which Could Hurt the Country Seriously"]

[Text] The scandal is taking flight: a hike in gasoline prices by the end of the year, and from what we surmise, it will be a big hike. There will also be a rise (although a lesser one) in the prices of diesel fuel and industrial gas. The views in this regard have been reaching a "crescendo," which has quickly converted the issue into the focal point of all discussions.

Thus, the debate has opened; but (surprisingly) it is being held on the basis of hypotheses and conjecture, because the substantive data on the matter remain obscure. How much does it cost in Mexico to produce each liter of gasoline? Is that fuel being sold at less or more than the national costs? Are Mexican Petroleum's finances going so badly that it would resort to a risky, complex step such as this?

Because (let the truth be told), one would need great political daring (or pressing financial needs) to promote a measure with repercussions so widespread and difficult to control, particularly during the fifth year of a regime. As we are well aware, every fifth year demands political peace, extensive economic equanimity, and solid popular support. These are the ideal conditions for providing the system with complete control of its circumstances and calmness at the time of deciding on the transition to a new 6-year period that will guarantee the endurance of the institutions and the nation's advancement, without shifting its historical course.

The rise in prices of gasoline, diesel fuel and industrial gas (let us say so without circumspection) will inevitably give political cost, as well as economic consequences that would at least have to be described as disturbing. People are not in the habit of applauding when prices rise for them. The hikes are not an occasion for the people's rejoicing nor do they foster sympathy, especially during a year such as this, marked by the greatest inflationary pressure in our recent history, and by an unconcealable slowdown in the [illegible] petroleum industrial activity.

To what real (not theoretical) extent will an increase in fuel prices have repercussions on prices in general? What will be the magnitude of the real damage (not that based on a desk hypothesis) caused to the people's purchasing power, and how will the majority sectors of the population react to it? What will be the effect on industrial production, which is already harmed by the inflation here and the

recession in the United States? How can we measure the psychological impact, which is inevitable and of major political importance?

There are many serious questions, and still no answer for them. In short, while those who are obliged to do so evaluate all these circumstances and publish the results of that evaluation (to conceal them would be a dreadful mistake at present), this column will attempt an analysis (backed with special information) of the terms and conditions on which the presumed rise in gasoline prices is proposed.

Right Arguments and No Reason

Let us begin at the beginning. What are the arguments cited as causes for raising gasoline prices? Let us make a list of them:

1. That since, on the border, the American gasoline costs twice what ours does, there is major smuggling to that side, with the result that we are subsidizing the United States economy.

2. That gasoline is far more expensive nearly everywhere in the world, because it costs twice, three times and even four times more in countries such as Spain, Italy, France, Germany and the United States than it does here.

3. That, even among the oil-producing nations, our gasoline is very cheap; because the Mexican domestic price only exceeds those in Saudi Arabia and Venezuela.

4. That the low price is causing waste as a result of the excessive use of single person transportation; because, at present, in Mexico, as much gasoline is being consumed as in Italy and, very soon, if we continue along that path, it will reach the levels in France and Great Britain.

5. That the low price has fostered a jump in demand, because in 1979 gasoline consumption rose 15 percent, while in 1978 it increased only 4 percent.

6. That we are thereby subsidizing consumerism among the wealthier classes, because they are the ones who own the automobiles.

7. That the low fuel prices are monstrously subsidizing industry, concealing its inefficiency and fostering its excessive profits.

8. That there is a very large gap between the export prices (of oil and gas) and those on the domestic market.

These are the ones which have been given publicity to date. It has not been claimed that Mexican Petroleum has money problems nor anything of the sort. Hence, the arguments that are submitted have been based more on the feasibility of rationing consumption and reducing the gap with respect to prices abroad, than on the financial needs of the nationalized oil industry. And it is a good thing that this is so, because any report of financial imbalances in PEMEX would cause a deepseated (and highly negative) shock to public opinion. Oil is our great hope and the mainstay supporting our present economic recovery. If that mainstay should falter, or collapse, one assumes (again the psychological factor) that everything might topple.

Before embarking on an analysis of the points enumerated on the foregoing list, it befits us to try to ascertain the amount and the terms of the anticipated increase. Let us see whether such an act of guesswork is possible.

A 66.63 Percent Increase?

On 1 September (in his Fourth Report), President Lopez Portillo mentioned the cheapness of Mexican gasoline. On 15 September, a report from Mexican Petroleum was published containing observations and various information concerning gasoline prices and consumption. On 16 September, engineer Diaz Serrano declared that the enterprise that he heads would complete the studies on increases in prices of gasoline, diesel fuel and industrial gas at the end of that month; and that, immediately thereafter, they would be sent to the Committee on Prices and Rates of the Public Sector, so that a decision might be made in that regard.

Therefore, there is not yet any official information on the amount that the future price of gasoline may reach. Not officially, but unofficially, clues have been given which make it possible to learn that figure rather accurately.

For example, the Secretariat of Finance has calculated that the increase in gasoline prices will produce surplus revenue of 34 billion pesos per year. Since we know the daily consumption of regular gasoline is 33.5 million liters per day (at 2.80 pesos per liter), and that of premium gasoline is 11.5 million liters per day (at 4.00 pesos per liter) it turns out that the amount from gasoline sales is 139.8 million pesos per day (93.8 million from regular and 46 million from premium); in other words, an annual total of 51.27 billion pesos. Once we have that figure, it is very easy to infer (a simple arithmetical operation suffices) that the 34 billion pesos per year in additional revenue estimated by the Secretariat of Finance represents a price increase of 66.63 percent.

In other words, regular gasoline will (probably) cost 4 pesos and 70 centavos per liter, and premium, 6 pesos and 70 centavos. Let each individual evaluate the impact that such new prices would represent for his purse (in the event that this column's calculations prove correct). As for the total impact on prices and production, it is still (unfortunately) unpredictable.

The Fallacy of the Smuggling

Let us now proceed to examine the causes cited publicly as reasons for increasing gasoline prices. To take them in order, let us repeat, point by point. Let us observe the results.

1. That since, on the border, the American gasoline costs twice what ours does, there is major smuggling to that side, with the result that we are subsidizing the United States economy.

In fact, the United States border prices of gasoline are far higher than ours. Fuel equivalent (because of its octane rating) to regular costs $1.18 per gallon (6.03 pesos per liter) in El Paso; also $1.18 in Houston (a price that also prevails in the San Antonio area); $1.25 (6.38 per liter) in Los Angeles; $1.21 (6.18 pesos per liter) in Phoenix; $1.20 (6.13 pesos per liter) in Albuquerque and Tucson; and $1.26 (6.66 pesos per liter) in San Diego.

The national average price of that type of gasoline in the United States is $1.23 per gallon, that is, 6.28 pesos per liter.

Now using as a base the lowest border price (that in El Paso, Houston and San Antonio), which is 6.03 pesos per liter, the Mexican gasoline (at 2.80 pesos) is 3 pesos and 23 centavos cheaper. It is a good incentive for the smugglers, who take about a million liters per day to "the other side."

The situation is certainly annoying and must be remedied; yes, but not a remedy which, because it impedes the "crooked" business of the smugglers (remember, a million liters a day), irritates the entire country, which consumes the remaining 44 million liters daily. Strictly speaking, it seems exaggerated to upset the total production of gasoline when the problem lies only in a 45th part of that very production. Furthermore, why should we 70 million Mexicans end up paying for the guilt of a few "gringo" or "pocho" [Americanized Mexican] smugglers? Why (and so seriously) upset the economy of the entire country just because of what a few on the border are doing? What blame for this lies with the inhabitants of Jalisco or Chiapas, or any other state completely dissociated from the conspiracy of smuggling gasoline?

And something else: the increase in the price of regular gasoline to 4.70 pesos would most likely not put an end to the smuggling; it might even make it more intensive. The illegal profits of the smugglers may currently be reckoned at 3.23 million pesos per day. If gasoline prices rose, they would be reduced to 1.33 million pesos. Hence it is most likely that they would not stop smuggling, but would seek to augment increasing the volumes smuggled.

Thus, the argument that we might call that of smuggling does not hold up. It is really illogical to deal an impact of 34 billion pesos to the purses of consumers (in direct increments alone), merely to prevent a few criminals (which is what the smugglers are) from obtaining an approximate annual profit of 1.178 billion. There is no proportion between the two.

[illegible].

Imitate the Evils of Others?

The second reason for raising the price of gasoline, according to the list included in preceding paragraphs, is:

2. That gasoline is far more expensive nearly everywhere in the world, because it costs twice, three times and even four times more in countries such as Spain, Italy, France, Germany and the United States than it does here.

True, but that is something which should make us proud, rather than concern us. All those countries have to import oil at international prices, and no one would deny that the level of those prices has had a negative effect on their economies, producing inflation and slowing down the development process. A direct relationship (cause and effect) has even been established between the high prices of fuel on the one hand, and inflation and slow growth on the other.

We do not want that for Mexico; on the contrary, we are bent (perhaps not so much as we should be) on curbing inflation and accelerating development. Then why propose a measure (the increase in fuel prices) that everyone recognizes as being at odds with those goals?

Moreover, the fact that the Americans, French, Italians, Spaniards and Germans are suffering the misfortune of high fuel prices is no reason for us to want to share the same misfortune. Furthermore, the prices in those countries (more or less) relate to the income there as well. Let us be given the $4,000 or $5,000 of annual per capita income that they receive in France and Germany (instead of the $1,800 which is the average in Mexico), and then no one would say anything if gasoline prices were to double.

Let us observe the next point:

4. That even among the oil-producing nations, our gasoline is very cheap; because the Mexican domestic price only exceeds those in Saudi Arabia and Venezuela.

Here, the well-known parable of the glass that is half empty or half full (a very popular one) is pertinent. Is it so cheap that only Saudi Arabia and Venezuela have lower prices, or is it so expensive that there are in the world only two countries (as oil-producing as we are) which can set a lower price on it?

As this involves a matter of domestic policy, the comparisons with the internal status of other countries are not valid. Ours has to be governed by needs, convenience and circumstances which are our own, not by factors which determine what occurs in other parts of the planet. They are not going to cut the price of gasoline in Germany because it is cheap here, nor are they going to raise it in Saudi Arabia just to imitate us.

Thus, these two arguments (those contained in points 2 and 3) are not valid either. Let us consider the following ones.

Three Points Which Are Not Convincing

4. That the low price is causing waste as a result of the excessive use of single person transportation; because, at present, in Mexico, as much gasoline is being consumed as in Italy and, very soon, if we continue along that path, it will reach the levels in France and Great Britain.

Consumerism is always bad. The waste of resources is one of the capital sins of our time. We Mexicans must certainly strive to battle against all that; yes, but to what point is the excessive use of single person transportation due solely to consumer-oriented arrogance?

In answering this question, it befits us to include the issues posed in points 5 and 6, which state:

5. That the low price has fostered a jump in demand, because in 1979 gasoline consumption rose 15 percent, while in 1978 it increased only 4 percent.

6. That we are thereby subsidizing consumerism among the wealthier classes, because they are the ones who own the automobiles.

False. Automobiles (the majority) are not owned by the wealthiest classes; the rich own luxury vehicles (costing 300,000 pesos and more), the number of which is far below that of the popular cars. In this regard (as proof), one need only consult the figures on vehicle production (Secretariat of Patrimony and Industrial Development), the Federal Register of Automobiles and (as a highly illustrative example) the data from the Directorate of Police and Traffic of the Federal District. It will be noted therein that three out of every four automobiles in existence are of the so-called "economy" types or mere "jalopies" of a very old model.

In a country such as ours (Mexico City is a dramatic example) with such poor and inadequate mass transportation, rather than a luxury, single person transportation is a necessity. There are many hundreds of thousands of workers who, by making an effort, purchase a "jalopy" in order to commute to work. It is they who would be hardest hit by the rise in gasoline prices. For the others, the wealthy (one out of every four of whom owns a car), any hike would be a mere trifle. Even if a liter of gasoline were to cost 100 pesos, they would continue to use their cars, which have a high fuel consumption, to excess.

So long as there is no efficient mass transportation, it is utopian to imagine that the rise in fuel prices could make an appreciable reduction in the use of single person transportation. In the event of an increase, the hundreds of thousands of workers in this situation would have to choose between not going to their jobs, crowding more heavily (if they can climb into them) into the mass transportation facilities or "tightening their belts" further still to pay the new price of gasoline. And it should not be forgotten that, at present, Mexican workers (according to an estimate by the Labor Congress) must spend 20 percent of their wages on transportation.

What Shall We Do With Our Surplus Gasoline?

The Secretariat of Programing and Budget, in its Monthly Bulletin of Economic Information, states that, during the first half of this year, the extraction of crude oil increased 31.5 percent, and that gasoline production rose 16.2 percent, while that of diesel fuel and fuel oil increased 55 and 33 percent, respectively.

Hence, if the demand for gasoline in 1979 and thus far in 1980 has increased 15 percent we need not be concerned: the production of that fuel is ahead of the game, because it can easily cope with the increase in consumption, and even leave a surplus of 1.2 percent. In view of this information, congratulations are in order for the nationalized oil industry, but it can by no means be inferred that a hike in gasoline prices is needed.

The increase in demand is certainly very great, but the development of the producing industry is greater still, so that all is well.

Something else: If the increase in prices slows down the demand for gasoline, what shall we do with all our surplus? Keep it? Export it, perhaps? Or not expand the capacity of the refineries any further?

A case in point is the one contained in point 7: that the low fuel prices [illegible] industry, revealing its inefficiency and fostering its [illegible] profits.

There is no doubt of the inefficiency of many Mexican industries, nor of their exorbitant profits, nor of the fact that the low fuel prices foster this economically absurd and socially undesirable situation. Yes, but as soon as the prices of gasoline, diesel and gas rise, will the industries become efficient, as if by magic? It is a well-known fact that this inefficiency is due to flaws in what has been called "management capacity," the dearth of investments and technological lag, all added to production that is out of scale. Therefore, administrative efficiency will be achieved when the criterion of many business owners is changed, when sufficient investments are made, when the proper technology is obtained and when there is production on an adequate scale to compete in the area of quality and prices.

None of that will be achieved by raising fuel prices, much less over the short term. In that case, immediately we would only have the dreadful inflationary pressure that [illegible] rise in fuel prices (everything, things and people, is transported, and everything in industry is produced by using energy 50 percent of which comes from petroleum), with a direct blow to the purses of consumers and a negative impact on profit margins. The advantage of achieving an efficient industrial plant (if it can be attained by that means alone) would come many years later.

As for point 8, it is most likely that [illegible] the vast majority of manufacturers operate with [illegible] prices, they will simply pass on to the consumer (taking advantage of the opportunity to add a larger margin of profit) the new fuel prices.

Special Prices to the Owners

[illegible] is irrefutable fact. The gap between the export oil prices and those of domestic sales in Mexico is very large. But, just as in the previous instances, that is no acceptable reason for justifying a hike in fuel prices.

A barrel of light Alta Mezcla [illegible] cost it, 384.50 pesos; and the heavy oil is sold for $30.00, the equivalent of 667 pesos. On the other hand, domestically, Mexico Petroleum calculates that each barrel of crude, already broken down into its [illegible] is sold for 16.50, that is, 1/5 as much.

There is a very great difference between the two prices; but, strictly speaking, it is not legitimate to relate them to each other. What is exported is sold to customers distributed from us, and for that very reason it should be regulated by the conditions on the international market. What is sold inside the country is being delivered to [illegible], absolute owners of the oil and of the industry which extracts and processes it. The oil belongs to all Mexicans. Therefore, it cannot be the same thing to sell to foreigners as to distribute among the people of Mexico the products from an industry of which they are the owners, and which exists for the sole purpose of benefiting them and of serving the nation's development.

Since the space is filled, there will be one final observation: It seems dubious to use the term "subsidy" in the case of domestic oil prices in Mexico. Actually, there

[illegible] FOOD SELF-SUFFICIENCY SOON

Mexico City EXCELSIOR in Spanish 22 Sep 80 Sec A pp 1, 10

[text] Tula de Allende, Hgo., 21 Sep—President José Portillo stated today that the Mexican Food System (SAM) is the answer to the problem of self-sufficiency, and that the country is on the way to achieving it in the very near future.

He gave assurance that, this year, good harvests are expected from the spring-summer cycle, explaining that he received a report indicating that dampness is entering the country on both coasts, which will avert the risk of frosts.

With regard to inflation, he noted that it would not be controlled this year, because the economists had estimated that it will reach 20 percent in 1980, and this month it exceeded that limit, but that owing to the effort which is being made, he expected that he would be announcing the attainment of that goal in the report which he will submit to the nation in 1981.

The chief executive also said that inflation is not an alternative, but rather a reality imposed by the rules of the economic world in which we live, since both the socialist countries and the capitalist ones are facing the same problem, owing to a series of [illegible] and circumstances beyond the control of the governments.

At the press conference which he granted at the conclusion of the tour of the North Pacific islands (Coronado, Guadalupe and Cedros), the president of the republic stressed that what we must do is learn to live with inflation, control it, and see to it that it is not higher than in the countries with which we trade, as well as striving to reduce it by the largest possible number of points.

He said: "But this is an effort that depends on everyone, not just the government; the anti-inflationary consciousness must be fostered, for that is the solution."

He added that it is important for all of us Mexicans to be aware that this is a difficult period, and that, as a businessman once told him, "those of us who experienced the crisis of 1976 do not want it to be repeated." To a large extent, that crisis was experienced because of a subjective disturbance, and a series of factors which accumulated and stimulated each other, undermining the system. Therefore, it is up to all to control it.

President José Portillo who, during the interview (as well as during the entire tour) appeared to be in excellent spirits, joked with reporters, using one of them

the modernization of the Mexican Navy is progressing slowly. He remarked that he could not promise to complete that modernization within a certain period of time, because it is too serious a matter, and depends on the available funds in the budget. He said: "We are expending the maximum amount of effort, but the budget does not have funds for that type of expenditure. Although we admit that the expenditures which are made for important things prevent important things from being accomplished, for lack of funds. But we must be very careful about the appropriations for the people."

CHANGES IN FEDERAL DISTRICT WATER, ELECTRICITY SYSTEMS

New Water System for Capital

Mexico City METROPOLI de EL DIA in Spanish 2 Oct 80 p 3

[Text] Every second, 50 cubic meters of water are extracted from the water deposits in the Mexico and Lerma Valleys (water suppliers to the metropolitan area of Mexico City), representing 100 percent more from the natural resupply.

This overexploitation has reached its most critical levels, and has been reflected in sinking and cracks in the subsoil. Yesterday, technicians from the Mexico Valley Water Commission informed this newspaper that, with the Cutzamala system, there will be a gradual elimination of the operating wells, which are estimated as numbering 1,000, 700 thereof located in the metropolitan area.

The Mexico Valley Water Commission announced that the first 5 cubic meters of the first phase of the Cutzamala system will be made available, as a unit, to the Federal District Department in February 1981.

The investment for the entire system, divided into three phases, will be approximately 13.6 billion pesos, which will originate from French and Swedish financing, and that from the Inter-American Development Bank (IDB).

In all, the Cutzamala system will supply the city and its metropolitan area with 19 cubic meters. In the second phase, which will be completed in March 1983, an additional 6 cubic meters will be provided; and in the third phase, to be concluded in 1984, another 8 cubic meters will be supplied.

The Mexico Valley Water Commission reported that, during the first phase, the water will be brought from the Villa Victoria Reservoir; during the second, from the Chilesco Reservoir; and during the third, from the Valle de Bravo and Colorines Reservoirs.

The entity subordinate to the Secretariat of Agriculture and Water Resources noted that selection was made among 15 watersheds adjacent to Mexico Valley, of those of the Cutzamala, Amacuzac and Tecolutla Rivers, to meet the demand in the metropolitan area between 1982 and 2000. The potential volumes of flow to be obtained are 19, 13 and 22 cubic meters, respectively, with which the increasing population will be supplied and the overexploitation of the Lerma and Mexico Valley water deposits will be reduced.

The Mexico Valley Water Commission informed METROPOLI that, in February 1981, 1.5 cubic meters of drinking water will be made available to the DDF [Federal District Department] from a battery of wells in the Valley.

Treated Water

The CAVM [Mexico Valley Water Commission] also observed that sewage treatment plants would be built to be put to industrial use, thereby making more drinking water available for human use. The first plant, with a capacity of 400 liters per second, will be built in Lecheria, to serve the industrial zone of that section of the State of Mexico.

The volume of flow from the Cutzamala system will be carried to the city through seven pumping plants, two conduits measuring 90 kilometers apiece, two tunnels 18 kilometers long and a covered canal 9 kilometers long.

The water will be purified in a plant to make it potable, located in front of the last pumping plant, consisting of six modules each having a capacity of 4 cubic meters per second.

The Mexico Valley Water Commission also announced that the water would be raised from the lowest catchment to the top of the sierra which divides the Cutzamala and Lerma watersheds, to a total height of 1,100 meters (about seven times the height of the Latin American Tower), from which the water will be run off by gravity during the rest of its journey.

The CAVM technicians remarked that the Inter-American Development Bank has now approved a loan of $170 million, and the Swedish banks will provide another loan of $8 million,plus French financing of 85 million francs, to carry out the initial phases of the Cutzamala system projects.

The technicians stated that, in this way, a drinking water supply will be guaranteed to the residents of the city, with the intermediate program being started with the Cutzamala system.

## Electricity From Tilostoc Ended

Mexico City METROPOLI de EL DIA in Spanish 2 Oct 80 p 3

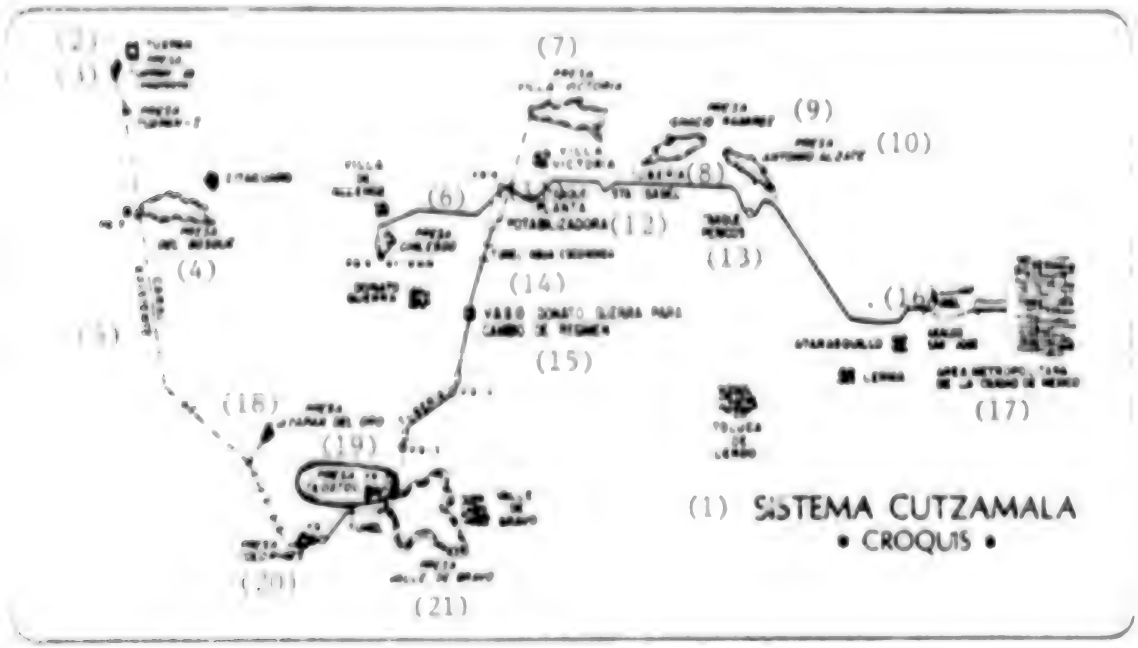
[Text] According to a recent order from President Lopez Portillo, this is the last year that the water from Tilostoc in the State of Mexico will be used to generate electric power because, starting in 1981, part of its volume of flow will be carried to supply the Federal District with water.

According to a report from the Federal Electricity Commission [CFE], there will be a reduction in the generation of power from the Ixtapantongo hydroelectric plant (which is fed by the Colorines Basin) until all the supply from the watershed is taken to Mexico Valley.

The Ixtapantongo hydroelectric plant was the first major project which CFE undertook, its purpose being to carry electric power to the capital of the republic. It was

also the first Mexican plant to exceed 100,000 kilowatts of installed capacity. CFE noted that the Ixtapantongo hydroelectric plant began its commercial operation in 1944, with an installed capacity of 106,000 kilowatts, and it now has five powerplants: Hector Martinez de Meza, Agustin Millan, Ixtapantongo, Santa Barbara and Tingambato, which can produce an average annual generation of 1.8 billion kilowatt hours, a production which in 1960 accounted for 20 percent of the national consumption and, in 1980, 2.5 percent.

CFE said that the exclusion of the Colorines system would not be felt much, because it consists of a group of small powerplants, and they will now perform the important function of supplying Mexico City with water until the year 2000.




15. Donato Guerra Basin for change of regimen
16. Tunnel
17. Metropolitan area of Mexico City
18. Ixtapan del Oro Reservoir
19. Tilostoc Reservoir
20. Colorines Reservoir
21. Valle de Bravo Reservoir

## BRIEFS

NEW AMBASSADOR TO EGYPT--Yesterday, the Secretariat of Foreign Relations announced that, with the consent of President Jose Lopez Portillo, Mr Armando Cantu Medina was appointed Mexico's ambassador to the Arab Republic of Egypt. Mr Cantu Medina, a career diplomat, joined the Mexican Foreign Service in 1959, and has held positions in the Mexican Embassies in the United States, the Soviet Union, Austria, Brazil and Great Britain. [Text] [Mexico City EL SOL DE MEXICO in Spanish 2 Oct 80 Sec A p 12] 2909

CSO: 4010

## MILITARY OFFICERS COMMENT ON POLITICAL PROCESS

Luis V. Queirolo

Montevideo EL PAIS in Spanish 21 Sep 80 p 1

[Article by Leonidas Pirial on statements by Lt Gen Luis V. Queirolo in Mercedes]

[Text] Mercedes— The commander in chief of the army, Lt Gen Luis V. Queirolo, made a brief statement to the press on his visit to this city, where Work and Joy Week is being celebrated.

It is shortsighted to describe only the Armed Forces as "winners," he said. His remark was in relation to a recent assertion of his to the effect that "conditions are not set for the winners." This assertion prompted a series of comments, and the commander in chief of the army elaborated then on his initial statement. He went on to say:

"I also think that it is ill-intentioned to suggest that there are factions within the Armed Forces, by pitting men against each other and thus clearly evidencing the scheme that we have been talking about.

"The aim is to polarize and divide the Armed Forces," he added, "to plunge the country into chaos and a period of darkness.

"That is why I am reasserting that during the current historical period there are and there will be winners and losers, and those who side with the latter will know why they are there. They should not toy with words to divert attention to the people in uniform."

When asked by a reporter what he understood by the word "winners," the army commander elaborated:

"The overwhelming majority during this process are the winners, a majority made up of the people, the people who think, walk, see, feel joy and sadness but who also have faith. These are the people who are here, the ones who remain [illegible] and also those who came back. In short, the people who seek and long for a better destiny for the republic, which ultimately is their personal destiny. They thus feel that they are important parts of the process."

He was then asked about whom he would include under the heading of "losers," and his reply was:

"The losers were those who bet all their money on terror, crime, looting, the manhandling of minds, lives, property, on kidnaping, rebel justice, forced streetcar and bus tolls, insecurity at work, in companies and at school, on discontent at having to wait on lines to buy potatoes, kerosene and meat; the losers were those who bargained for votes with public jobs, with long waits in shameful anterooms for mortgage loans, with import quotas, with a section of a local road, with well-earned pension or retirement money; the losers were those who wanted to make people forget our homeland, the colors of our flag and even the verses of our national anthem; the losers were those who thought that they could shore up our economy by taking shameful trips to beg at world financial centers; the losers were those who sought to sell the gold stored up by our elders to the highest bidder.

"The losers were those who because of their longstanding apathy failed to promote our country's energy sources, and there were even some who talked of blowing up a dam for political motives; the losers were those who played along with a system of justice fear-struck by subversion; the losers were those who rejoiced at the impact of higher world oil prices; the losers were those who were after future security by holding a dialog with seditionaries; the losers were and are those who walk around foreign ministries and international organizations seeking to impair our sovereignty and independence; the losers were those who did not bother to build decent housing, passable roads and clean, garbage-free cities and towns; the losers were those who wanted to have ideologically corrupt Armed Forces devoid of moral strength and in which partisan politics would have free rein; the losers are also those who are fueling or endeavoring to cause splits in the Armed Forces. The rest were winners, and there are more of them."

Boscan Hontou

Montevideo EL PAIS in Spanish 25 Sep 80 p 1

[Text] Speaking at Carrasco Airport upon arriving from Santiago, Chile, the commander of the Third Army Division, Gen Boscan Hontou, asserted that if the "no" votes win at the upcoming plebiscite on constitutional reform, "there can be no elections or political party activities in 1981." He was optimistic, however, that the people would vote "yes."

General Hontou, who represented the Uruguayan Government at Chile's commemoration of its independence, was questioned during an interview with Radio El Espectador about the November plebiscite, and he offered the following forecast:

"I am one of those who are absolutely convinced that when the moment of truth comes, every good Uruguayan is going to want to return to an institutional period like the one programmed under the planned constitution."

No Elections

When asked to comment on the statements by other high-level military officers to the effect that if the "no" votes win at the plebiscite, the entire process might be reversed and elections put off, he stated categorically:

"Well, if the plebiscite is won by the 'no' votes, I can assure you that there can be no elections in 1981, nor will political parties be able to operate in 1981 either."

Julio Cesar Rapela

Montevideo EL PAIS in Spanish 27 Sep 80 p 13

[Text] "The country's political situation is normal, and the process continues," said the commander of the Second Army Division, Gen Julio Cesar Rapela, in Dolores yesterday, adding that the first draft of the constitution would certainly undergo modifications by the bodies that will soon be examining it.

General Rapela made these remarks to the press as he was attending a working meeting held at the Industrias Harineras S.A.-Molinos San Salvador building, at which various local groups explained what they were doing, as well as their plans for the future.

"The country's political situation is normal. The process continues. The pace of developments is quickening all the time, as the public is quite aware," General Rapela stated.

He was then asked about how studies are proceeding on the constitution that will be put to a plebiscite in November. The general replied: "The first draft of the constitution is going to be disseminated and talked over, and I am certain that it is going to undergo modifications, because like every first draft, it can be improved."

[illegible]
CSO: 3010

COLORADO PARTY MEETS WITH COMASPO, COMMUNIQUE ISSUED

Party Spokesman Discusses Meeting

Montevideo EL DIA in Spanish 9 Sep 80 p 5

[Text] The Colorado Party "is united and definitely intends to remain united," Dr Carlos Manini Rios said yesterday, at the end of the first meeting that the COMASPO [Political Affairs Commission] of the Armed Forces held with the Colorado Party's representatives.

Manini Rios spoke in the name of the delegation which came to the headquarters of the Joint Staff yesterday morning; the delegation consisted of: Drs Eduardo Jimenez de Arechaga, Maximo Gurmendez, Enrique Tarigo, and Mr Jose Luis Batile Garcia. The deputy director of EL DIA, Mr Jorge Otero Menendez, who is a member of the delegation, was not present at yesterday's meeting as he was traveling abroad.

Right outside the door of the ESMACO [Joint Staff] Manini Rios spoke with several dozen journalists who were waiting outside for almost 2 and 1/2 hours, and said that the answers given by the COMASPO officials were "in principle, constructive."

"We came to begin a dialogue in order to do what we can to benefit the future of our country," said the spokesman of the group, and he added: "We represent all sectors of the Colorado Party, which is united and definitely intends to remain united in the future."

'Freedom of Action'

According to Manini Rios, during the meeting "current political issues" were discussed, and there was talk of the Party's "freedom of action to organize."

The Colorado spokesman also said that during the dialogue they spoke of the need to move quickly toward the reorganization of the parties so that they can operate.

When asked whether they discussed the issue of the bans, Manini Rios said: "We reemphasized what everyone knows; we believe that they have to eliminate all the bans."

He also said that "the statute on the political parties will be submitted to the Council of State next week; that is what they told us."

He reported that "they did not discuss the issue of specific constitutional guidelines, but rather the constitution issue in general."

To Reestablish Democratic Life

According to Manini Rios, the main concern of the COMASPO officials is "to reestablish democratic life in the nation after a transitional period."

According to the Colorado Party spokesman, the national authorities feel that "the political parties, especially the traditional parties, are essential in achieving a democratic movement."

"They said that when the disagreement with the then President Bordaberry arose," he pointed out.

This report will analyze the major issues of national interest and offer ideas on the dialogues that various groups have had with the members of the COMASPO.

This is the third meeting that the armed forces political group has held with public opinion sectors.

Members of the National Party and representatives of the Christian Radical Union were guests at the first two meetings.

Communique From the Provisional Executive Committee

Text of the communique released to the press by the provisional authorities of the Colorado Party:

This morning the Colorado Party delegation met with the Political Affairs Commission of the Armed Forces; this was one of the meetings scheduled by the Political Affairs Commission with representatives of the political parties.

The delegation was composed of: Drs Carlos Manini Rios, Eduardo Jimenez de Arechaga, Enrique Tarigo, and Maximo Batile Garcia. Mr Jorge Otero, who is also a member, could not attend as he was abroad.

The dialogue took place in terms of consideration and respect appropriate for the serious public interests which are at stake.

The delegation took the following position:

To ensure a healthy democratic future for the republic, we need strong and organized political parties.

Today the Colorado Party which this delegation is representing on a provisional basis spoke for all the sectors and parties, without exception, which acted under its banner in the 1971 elections.

We can assert that they are united in their thoughts and in their intentions for future action. United, and not just brought together on occasion.

If this determination is to be expressed in our national political life, some prerequisites must be established.

a. Unrestricted freedom to meet, for the present in closed premises, to be extended throughout the republic and completed by the freedom to inform the citizens through the press and the other media.

b. Freedom for all members of the party to act so that they can contact their fellow members directly and conduct party business. This should lead to the lifting of the ban, whose maintenance would seriously impede the Colorado Party.

As a corollary to the establishment of provisional party authorities for the purpose of organizing internal elections for officers, it seems that the administration and use of the Party Headquarters should be returned to the party.

The delegation pointed out that, given these conditions, the political parties will be able to proceed with the process of shaping and representing public opinion in a truly authentic manner.

The delegation and the nucleus of citizens it represents feel that with these measures, this type of dialogue will acquire the fluency and frequency which will quickly bring us to our patriotic goal of complete democracy.

Report by COMASPO Chairman

Montevideo EL DIA in Spanish 10 Sep 80 p 1

[Text] The chairman of the Armed Forces Political Affairs Commission, Gen Abdon Raimundez, said that everyone is quite familiar with the duties they must perform and the obstacles that will have to be overcome.

The statements by the army officer, reported yesterday by LA MANANA, analyzed the meeting with representatives of the Colorado Party, terming it very cordial and saying that its results were completely favorable.

The officer said that on this occasion there was some discussion of the problems of the nation, of political movements, and the proposed statute that will regulate party activities, as well as the November plebiscite, "all in a very constructive spirit."

He emphasized that in this "first step" it is very clear that the mistakes of the past will not be repeated; these past errors caused the political situation of the nation to deteriorate, and there must now be a new beginning on fresh bases.

He said that everyone is quite familiar with the duties that they must perform and the obstacles that will have to be overcome. He announced that in the future there will be greater facilities made available for holding meetings, so that the political parties can be organized. He said: "This has already begun to happen, and it is going on now."

General Raimundez emphasized that the meetings may be of a public nature and have speakers participating. The sole requirement that will have to be met, he said, is to request police authorization, but at the present time no permits are being refused for such purposes, and contacts and exchanges of ideas will continue to expand.

He closed by saying that "everyone has a strong desire to organize for the future; they all recognize that we are in a period of transition and that we must move forward gradually in this area."

cso: 3010

COMASPO CHAIRMAN ESTIMATES BANNED CITIZENS AT 226

Montevideo EL DIA in Spanish 5 Sep 80 p 11

[Article by Andres Vilizzio Feijo]

[Text] Rocha -- Yesterday the municipal superintendent was changed here, with Col Homero Pereira replacing Col Ignacio Bonifacio. On that occasion the commander in chief of the 4th Army Division and the chairman of COMASPO [Political Affairs Commission] were present, along with the minister of the interior, Gen Manuel J. Nunez, and all the area superintendents. General Raimundez, the COMASPO chairman, made some comments on various current political issues, especially in reference to the commission he heads.

He first mentioned the political parties, saying: "That is a complex issue in which a number of factors are involved. I couldn't say that what the armed forces want are strong, united, disciplined political parties with democratically elected leaders. Recently some groups, with good intentions, have proclaimed themselves party leaders.

"Obviously this has no foundation in reality. COMASPO has sent them a memorandum to that effect and has shown them that they have no right to proclaim themselves party leaders, because they are not representative. We believe that our national reality should take precedence and it is not, then, appropriate that divisions between parties should be increased or encouraged.

"The political parties are having tremendous difficulties in forming coherent, representative groups that can act as spokesmen so that they can exchange ideas and hold dialogues. It is impossible to learn what they think, what they want, if they don't agree, not even in putting themselves organized, which is the phase they are in now."

Asked if there will be a dialogue with the Colorado Party, General Raimundez answered: "That would be appropriate. There has been a

discussion already with the Civic Union and with a group that claims to be representative of the National Party. Now it is fitting that, as a matter of justice, we should talk with a sector that claims to be representative of the Colorado Party. We are in this process now and perhaps on Monday there may be such a meeting."

General Raimundez was then asked: "You said, a group that claims to be representative of a political party?" To this he answered, "That is a good and interesting observation. For 2 or 3 months now we have been in this phase; we are trying to see if, at least, this group can be a cohesive unit, because if two or three groups appear and they claim that one group is not representative, then we have to say that there is no unanimity. And when one group appears with an interest in exchanging ideas, several smaller groups may also appear. We believe that this group should be heard, although it is our aim to listen to all the political groups that want to talk and that want to work for the future of our nation. We should give priority to those groups that seem to express a majority opinion."

Asked about the statute on the political parties, he responded: "While this is entering its definitive phase, we still want to listen to the opinions of various groups. So we are now listening to the opinions, comments, and suggestions of the political groups with which we have talked on guidelines and on the future constitution. We are asking all of them for suggestions. The doors are open to those who come in good faith, with a desire to construct, without considering the present situation, or disagreements that may separate us in the economic, social, or political field at the present time. We are trying to construct on solid ground for the future."

Removal of Bans

The COMARFO chairman and commander in chief of the 4th army division was asked about the removal of bans. He said: "I think there are now 278 citizens who have been deprived of their rights. This is an ongoing task and I think that it has to continue to a greater or lesser extent. The Commission is continuing to work on this."

Asked about whether new meetings have been requested, he said: "Yes. Yesterday a group from the Colorado Party asked for a meeting. This request was made to the Commission and it will make the decision."

On the possible participation of a third political party, he said: "What we can do is to set the conditions and the rules of the game and work so that a third party or a fourth, if that is desired, can become a reality in the political arena."

The Constitution and Youth

On this topic General Raimundez said: "It is our intention to bring to our young people a knowledge of the guidelines of the constitution and of political issues, but this must be done in an educational and wholesome way, in the best possible conditions. In many cities in the interior upper level students have attended speeches by the members of the council; these students have the capacity to understand what consititutional law can be."

Finally, General Raimundez was asked what would happen if the plebiscite were not approved. "That is a complex issue," he said, "which cannot be discussed now because we are still several months away from it, and logically, we have to act honestly in this matter. We are honest and we are working to try to find an institutional system, so we can not be speculating about a problem in this process."

7679
CSO:: 3010

AUSTRIAN DOCTORS EXPELLED FOR MEETING WITH FAMILIES OF DETAINEES

Montevideo EL PAIS in Spanish 3 Sep 80 p 1

[Text] Two Austrian doctors who entered Uruguay as tourists and have been collecting reports from persons connected with seditious elements and opinions from former leaders of union groups have been expelled by the authorities, as they were violating the regulations governing their stay in the country. Claudio Weber and Reinhardt Dorflinger were preparing a report which was to be used against our country. This was determined from documents found in their possession. The details of the case were reported yesterday evening by DINARP [National Public Relations Bureau].

"Two foreign citizens who had entered Uruguay as tourists were expelled from our national territory after having flagrantly violated the regulations covering their stay as tourists in Uruguay.

"The two persons were Claudio Weber Castillo and Reinhard Dorflinger Dorflinger. Weber Castillo was born in Chile and became an Austrian citizen later and Dorflinger is Austrian. They are 37 and 27 years old, respectively; both are doctors.

"Because of their participation in activities alien to their status as tourists, which they claimed for entering Uruguay on temporary visas, the National Migration Directorate decided to order their departure from Uruguay within 24 hours.

"Before the expiration of this period, on the 20th hour of that day, the two foreigners left Uruguay from the Carrasco International Airport."

Authorization for Study

"In mid-August Weber and Dorflinger, who claimed to represent a private Austrian agency named 'Critical Medicine,' asked the Uruguayan authorities, by means of third parties, for authorization to investigate the state of health of some persons who have been detained and to draw up a general report on the health status of the nation's population.

"The request was accompanied by letters with a similar content signed by persons from private agencies in a variety of European nations, but even before the Uruguayan authorities had acted on the request, both doctors arrived.

"Some days before their arrival, however, relatives of detained subversives had been collecting signatures on petitions in front of the Austrian Consulate in Montevideo, asking that meetings be held with the doctors. The same thing happened later in the hotel where the visitors stayed when they reached Montevideo.

"Although they had not yet received a reply to the request formulated by their representatives, the two Austrian doctors held a series of meetings with relatives of the detained subversives both in the Austrian Consulate and in the hotel. They also met with union groups and with persons belonging to various religious groups."

Health: a Pretext

"The time came when the traffic both in the hotel and in the offices of the consulate became so heavy that the armed forces, asked to take action, found that the foreign doctors were compiling reports as wide-ranging as the state of health of some of the detainees--according to the report of their relatives--the labor situation in the nation, the real salaries, the activities of the Church in Uruguay, and the 'problem of the "bureaucrats" and their "small cars."' in light of the recent provision of the municipality of Montevideo on this issue.

"Among the documents which Weber and Dorflinger had with them were a great number of reports from relatives of detainees, comments by former leaders of union groups and opinions of persons from a variety of occupations on a broad range of issues, notes and reflections of the doctors themselves on urban and civic aspects of the city. All of this relegates the alleged concern for health to the plane of a mere pretext for referring to our country in a manner that can well be supposed."

7679
CSO: 3010

ANCAP PRESIDENT SAYS OIL RESERVES ENOUGH FOR 90 DAYS

Montevideo EL PAIS in Spanish 26 Sep 80 p 9

[Text] We must conserve oil, the president of ANCAP [National Fuels, Alcohol and Cement Administration], Brig Jorge A. Borad, said yesterday. The oil tanker "Lavalleja" will not be able to pick up oil in Iraq, and it will be hard to replace this shipment.

"ANCAP will submit an analysis of the situation to the Executive Branch this week for its decision in this regard. We have a 90-day supply of oil, with Nigeria and Venezuela supplying the other half of our petroleum. The 'Lavalleja' is waiting for orders and will not enter the Persian Gulf. Our alternative is the spot market, on which prices are rising."

"It is essential to keep industry producing. We are not worried about gasoline shortages."

The ANCAP president made these remarks at a press conference, which proceeded as follows:

90-Day Supply

"We could say that our reserves for the moment are adequate for a country of our size, given the difficulties we have had acquiring crude oil in recent years," Borad said initially.

"The industrialized countries have joined in an organization called the International Energy Agency through which they have set up a sort of 90-day insurance reserve.

"We are getting close to that. Of course, they have the advantage of being able to exchange products when any item is in short supply. We are segregated from this rich and important area of the world and we have to avail ourselves of our own resources.

"We can hardly turn to our neighbors because Brazil is a heavy importer, and although Argentina is mostly self-sufficient, it also has to buy oil and thus cannot export what it has."

Our Own Resources

"Therefore, we have to make do with our own reserves while the crisis lasts. I repeat: We are in good shape. I would say that I am satisfied at the moment with the steps that ANCAP has taken. But of course this does not mean that we are in such good shape that we will probably not have to take some sort of emergency measure for the short run, because we do not know how long this problem in the Middle East, which is the world's leading oil supplier, is going to last. And predictions are as likely to be mistaken as accurate.

"I suppose that conservation measures are the most basic and perhaps the first ones that would occur to me or anyone else. These are the most logical, ever since the world oil crisis has been with us. In other words, we have to economize, especially with regard to anything superfluous. I would say that we have to look first to industry. We are not too worried, for example, if gasoline runs short or runs out at a given moment. But I would be worried if industry had to shut down or slow up, because it is the country's lifeblood."

Planned Measures

"It is not up to ANCAP to take measures. We are working on a plan in this regard to be submitted to the Executive Branch as our contribution to a program that it might implement if it thinks that this is a good idea.

"ANCAP's objectives are to purchase oil, manufacture the derivatives and put them on the market.

"All we do is emphasize the situation as we see it with regard to those objectives. I must comment that the world still does not realize that it is faced with an emergency according to a number of indicators.

"For example, the member countries of the International Energy Agency will begin taking emergency measures when supplies are down seven percent. That moment has not yet come for them, but it has for others. Of course this indicator does not apply to Uruguay because we are not a member of the organization and do not have supply insurance, nor does it apply to Japan, which has seen 65 to 70 percent of its supplies affected."

The 'Lavalleja' Awaiting Orders

"Iraq sells us half of the oil that we consume, but we anticipated from the outset of this conflict that we would not be able to purchase the 6 October shipment.

"We therefore told the 'Lavalleja' to slow down so that we could see how things developed. At present we are deciding whether to have it continue waiting or change course.

"We obviously were not planning to have it enter the Persian Gulf, because even though its access is not barred, it could not possibly make it to the ports of loading deep inside the gulf. So, as far as the'Lavalleja' is concerned, the situation is completely settled."

Supplies Unlikely Elsewhere

"As far as the repercussions of this unavailable shipment are concerned, we would simply say that the oil supplies that we expected in late October or early November are not going to arrive.

"Moreover, we cannot say definitely whether this shipment can be replaced by another of our suppliers. We have contracts with them for specific amounts, and they have other customers as well, depending on their output. So we do not know whether we can get them to boost sales to Uruguay.

"Unfortunately, I have to point out that there is no International Energy Agency in Latin America, even though at the last ARPEL [Latin American Petroleum Industry Mutual Aid Association] meeting both Uruguay and Brazil proposed such an agency. This move was not successful precisely because the producing nations on the continent were opposed."

The Spot Market

"Purchases on the spot market are our alternative, and prices there rise every time a conflict breaks out.

"The spot market is controlled by middlemen who speculate on holding back supplies for sale during difficult times. Prices had been dropping because nations had built up their reserves, filling tanks and even abandoned mines, for fear of future conflicts, but prices are now rising again."

No News From Mexico

"In recent hours there have been cable reports that Mexico would be able to sell us petroleum, but ANCAP knows nothing about this, despite its good relations with PEMEX [Mexican Petroleum]. Whenever PEMEX was consulted, it said that it did not have oil surpluses but that when it did, it would make us an offer. As of today, however, Montevideo has received no offer.

"In addition, ANCAP does not order increases for speculative purposes and is not going to do so now. We boost prices to maintain normal supply flows and to make timely investments.

"This gives me the chance to tell all of the people who criticized us because of last year's budget surplus that that money was invested in development and oil supplies, on account of which we now have crude oil stocks that have at least enabled us to avoid feeling the pressure from the very outset of the conflict."

Prices To Rise

"This shortfall, estimated at some 4 million barrels a day, is going to be carried over to the market and probably to prices as well, if we do not in some way make do with supply. We can take care of it if prices rise, but if there is an undersupply, we could run short of oil. But we cannot make any

definite predictions that supplies are going to run short one month and increase another. The whole world is faced with an energy emergency because oil is still the major source of energy.

"Some 46 percent of the world's energy comes from black gold, and Uruguay is even worse off, because 75 percnet of our energy comes from petroleum. Only 25 percent comes from hydroelectric projects and other minor sources."

Future Measures

"Several factors have to be taken into account in deciding whether or not to adopt major measures in connection with domestic consumption. We have to see how the market and supplies develop and whether premature measures might not unnecessarily harm our economy and development. But we cannot fall asleep and take them too late either.

"So, the situation has to be assessed carefully, but I do not think that ANCAP should do this by itself, though it would help out. When the government deems it appropriate, it will take the proper restrictive steps.

"I personally think that we should quickly begin economizing on all superfluous items, and we do spend quite a lot on unnecessary things. There are thousands of ways to conserve on the personal, family and industrial levels. Industry already knows how much energy it is using inefficiently and that it ought to quickly convert its equipment.

"The ANCAP report to the Executive Branch on this issue will be ready this week," Borad said toward the end of the conference. Finally, when asked for an example of conservation, he inquired whether the newsman had come by car. He said that he had, and Borad commented that three or four persons could have ridden in the car or he could have taken the bus. "In short, there are countless examples," he emphasized with a smile.

8743
CSO: 3010

ENERGY BULLETIN CITES INCREASED CONSUMPTION IN JULY

Montevideo EL PAIS in Spanish 14 Sep 80 p 19

[Text] Uruguay's Monthly Energy Bulletin for July contains unquestionably interesting information regarding the consumption of electric power, hydrocarbon fuels and piped-in gas in our country.

The bulletin is published by the National Energy Directorate and lists the ups and downs in energy consumption and the reasons for them.

Electric Power

As expected, the month's electric power consumption figures point to a disproportionate rise over last year, but we should remember that there were very tight restrictions on consumption in 1979.

In July 1980 our steam powerplants generated 116,291 megawatt/hours, while our hydroelectric plants (Rio Negro and Salto Grande) produced a total of 189,929 megawatt/hours, making a grand total of 306,220. In July 1979 the total generated by both sources was 215,920 megawatt/hours, 41.8 percent less than in July 1980.

Although the maximum load for July, which was an all-time record for the UTE [General Administration of State Electric Power and Telephones], represented a 21.6 percent increase over the 1979 peak, it was just 12.6 percent over the 1978 maximum.

This maximum load was recorded at 1930 hours on 14 July, measuring 617 megawatts.

Hydrocarbon Fuels Consumption

July saw a broad-based upswing in all categories of demand, with the exception of UTE consumption. Thus, the overall drop is 13.5 percent so far this year in comparison to 1979. If UTE supplies are excluded, demand is down about five percent from last year.

July 1980 consumption totaled 208,340 cubic meters, as compared to 213,780 cubic meters in July 1979, a drop of just 2.5 percent. The UTE burned a total of 34,426 cubic meters of fuel oil to generate power, as against 48,173

cubic meters in July 1979. These figures indicate that UTE consumption was down 28.5 percent.

One of the categories that recorded a sizable jump in consumption was liquified petroleum gas, with 4,806 tons in July 1980 as against 3,983 tons in July 1979, an increase of 20.7 percent.

Piped-In Gas

There was a significant seven percent rise in the demand for piped-in gas in July 1980 as compared to July 1979. Hence, consumption over the first 7 months of the year is up 2 percent from 1979. With regard to the consumption of light naphtha for gas production, 1,692 cubic meters were used in July 1980, compared to 1,525 cubic meters in July 1979, a rise of 11 percent.

The consumption of piped-in gas for July totaled 2.24 million cubic meters, as against 2.084 million cubic meters in the same month last year, thus yielding the aforementioned 7 percent increase.

Cumulative consumption for this year stands at 11.261 million cubic meters, whereas at the same time last year the total was 11.041 million cubic meters, up 2 percent this year.

The cumulative total for light naphtha, which is used to produce gas, stands at 9,132 cubic meters, compared to 8,955 cubic meters for the same period last year, again up 2 percent this year.

8473
CSO: 3010

## GEOLOGICAL INSTITUTE'S GOLD, URANIUM PROSPECTING ACTIVITIES

Montevideo EL DIA in Spanish 12 Sep 80 p 8

[Text] A report on the various activities conducted by the Engineer Eduardo Terra Arocena Geological Institute was given yesterday by the minister of industry and energy, engineer Francisco D. Tourreilles, and the director of the organization, Col Walter Perez.

At the beginning of the press conference the secretary of state said: "This government has shown and repeated on a number of occasions its clear determination to create a suitable framework for the operation of its extractive industries."

He then added: "The statistics we have available show generally stationary activity in the sector, where the production parameters are being maintained with few technological advances and a small amount of reinvestment. The greatest part of the activity is in construction materials and only the national production of gypsum is showing some degree of innovation."

He concluded by saying that with the plans that have been begun, and with the parallel cooperation of the state and of the private sector, mining in Uruguay can be developed and it can become a more important factor in our national product and in our exports.

### ining Inventory

Col Perez then explained the need to evaluate the mineral resources which Uruguay has. He said that for this purpose a mining inventory is being drawn up. This is now in its first phase, and at this time personnel are being trained by technical assistance from French specialists, and detailed geological exploratory studies are beginning in top priority areas, especially in northern Uruguay and in the departments of Maldonado and Lavalleja.

He pointed out the private and state efforts to proceed with gold mining; gold may exist in the department of Rivera.

He said also that in Cerro Largo and Durazno prospecting for uranium and other ores is proceeding, in order to evaluate both quantitatively and qualitatively, as a first step, the resources existing in those areas.

He then reported that geological studies are being conducted in northern Uruguay in order to determine whether the vein of coal existing in southern Brazil extends into Uruguay.

On another topic Col Perez said that his institution is now revising the Mining Code in order to establish practical, simple, and short standards.

He talked of the need for an accelerated expansion of the extractive industries, either at state initiative, through private investment, or by means of joint public-private companies.

Other Activities

During the meeting it was reported that a geological cooperation mission from the Federal Republic of Germany is working and training personnel in areas of economic interest in geology. They are now analyzing the supply of sand for construction purposes, and surveying deposits of limestone, clays, and talc.

The building to be the future headquarters of the Geological Institute is now under construction; it will cover an area of 2,400 square meters.

7679
CSO: 3010

[illegible]

CRUDE FROM IRAQ--The last shipment of crude to leave Iraq for Uruguay has arrived this morning. The 300-meter long Iraqi tanker [name indistinct], carrying [illegible] tons of crude is currently awaiting an improvement of the weather conditions to begin unloading. [FY132000 Montevideo Radio El Espectador Network in Spanish 1600 GMT 13 Oct 80]

YUGOSLAV MISSION ARRIVES--The Yugoslav mission headed by the chairman of the Economic Commission of Developing Countries began its activities today by holding meetings with representatives of several private sectors and government officials. The mission is interested in purchasing meat, leather, wool and clothes. In exchange they offer cars, fishing boats, tractors and all kinds of machinery. [Montevideo Radio El Espectador Network in Spanish 1730 GMT 13 Oct 80 FY]

[illegible]

ESTEBAN REY VIEWS REAGAN, CUBA, FOREIGN POLICY

Caracas EL UNIVERSAL in Spanish 17 Sep 80 Sec 1, p 12

[Commentary by Luis Esteban Rey: "Footnotes"]

[Text] A Meeting on Central America and the Caribbean

Jamaican Prime Minister Michael Manley, who was in Caracas to attend the second meeting of the Socialist International Latin American Committee, visited President Herrera to discuss matters affecting his country and the Caribbean area and proposed a meeting of heads of Caribbean and Central American governments, which the Venezuelan president promised to study attentively.

Prime Minister Manley's idea appears timely and necessary. It has now become commonplace to say that the Central American and Caribbean area situation is truly critical. To the serious problems created by the political discontent that has broken out in acts of violence and of open subversion in some countries, there is added that of the precarious economic condition of most of the countries, verging now on despair, as in the case of Caribbean island countries, which contributes to exacerbation of the political problems.

It serves no purpose to elaborate or to dwell extensively on these themes. We are all aware of the increasing instability in this area of our America and of the possibility that rightist governments, adverse to all authentic reforms, will be replaced by extreme leftist ones that can hardly offer a real solution to the deep sufferings of the peoples of the region. The region in turn tends increasingly to become a zone of international tension, of confrontation between the superpowers, with the result that if the tension heightens it will be the region's peoples who will be endangered to the point where their very sovereignties will be in jeopardy.

Nothing is to be gained therefore by stopping now to dwell on regrettable and painful events of which we are only too well aware. What is needed is that we proceed with steps to make of Central America and the Caribbean a zone of peace and stability. Venezuela has proclaimed on more than one occasion that its policy in the area is directed toward the attainment

of these objectives. All the Central American foreign ministers, meeting last March in [illegible], made it a point to insist on these very objectives. But thus far violence, terrorism and guerrilla actions continue, and, worse yet, are proliferating in the Central American countries and are seriously threatening the Caribbean island countries.

Position of Venezuela and Other Countries of the Area

It is true that Venezuela has for several years--and now jointly with Mexico--tried to alleviate the region's economic burden's through credit facilities it has granted in connection with oil purchases, facilities that have been augmented through Mexico's participation. Venezuela has moreover granted other forms of economic cooperation to several of the area's countries. But at this moment the primary and critical issue is the region's political instability and the probability of its further deterioration in this regard.

[illegible] through the need to implement pacting suggested by Manley to President Herrera or initiatives of other nature, the time has come for countries like Venezuela, Colombia, Mexico, Costa Rica and Panama to assume a collective and defined attitude toward achieving the effective transformation of Central America and the Caribbean into a zone of peace and stability. It would appear necessary that Cuba be included in a move of this nature. We would be at the edge of reality if we ignored its presence in the Caribbean and its influence over countries in the area. But it would [illegible] to request the inclusion of Cuba in a meeting such as that proposed by Manley to be based on Cuba's intent to exercise its influence in a positive sense. Fidel Castro's government should be one of those most interested in promoting peace and stability in the Caribbean and Central America. Chaos and instability could provoke reactions that in the final analysis would directly affect Marti's native land.

[illegible] On the other hand, now is perhaps the time to make it clear that Venezuela cannot be the Caribbean antipode to Cuba, it being understood, of course, that Cuba would not be the antipode to Venezuela. The two countries must maintain relations and bring into being constructive policies. Thus, as we have pointed out on previous occasions, our nation's foreign policy must respond to the specific interests of the Venezuelan state and shy away from specific partisan involvements that in the final analysis would seem to be more concerned with saving souls than bodies: an undertaking that is undoubtedly important but not incumbent upon the policies of nations. Cuba in turn would have to practice a policy geared entirely to Cuba's genuine interests. Should this occur, a fruitful concurrence would be quickly established with all the countries that aspire to promote peace and stability in the Caribbean and Central America.

## The Antidemocratic Bloc of the Southern Cone

It is of exceeding interest to strengthen democracy throughout the American ambit, because we have now seen that the military coup in Bolivia is but the product of a reaction by the militaristic dictatorships of the Southern Cone, which are being actively represented by the Argentine generals, and which are determined to impede by force the spread of democracy and freedom in South America. The resurgence of "ideological boundaries" is a reality. It was not by mere chance that Buenos Aires was chosen as the site of the anticommunist meeting that was held recently; nor that, without its being an official government meeting, it opened with an exchange of warm messages of mutual support among the heads of the military governments of the Southern Cone. Present at this meeting were the most outstanding spokesmen for the Latin American ultraright. The enemies of all reform. Representatives of a stupid capitalism that is digging its own grave. When they were discussing at that conclave the "lines of action against communist penetration," they were actually debating the lines of action against penetration by the system of democracy and of public freedoms in those countries where the latter system has been crushed or exists as an illusion only.

In large part, that assembly of the ultraright was a response to the political activity of the Andean Pact in behalf of freedom and human rights. And it is a good thing that at Riobamba the Andean presidents agreed to a line of conduct confirming their decision to struggle for democracy and establishing that human, political, economic and social rights must constitute a norm of conduct for the Andean countries, that the defense of these rights "is an international obligation to which all states must be bound, and that therefore joint action taken in defense of those rights does not violate the principle of nonintervention."

## The Ultraright Relying on Ronald Reagan

That joint action becomes increasingly necessary because the ultraright and Latin American militarism has placed high hopes in the possible triumph of Ronald Reagan in the U.S. presidential elections in November.

The statements this eminent person has made on Nicaragua, Cuba, etc. are music to the ears of those who would like to see a friend and relative in the White House and the "marines" carrying a message of encouragement and the intransigent or idiotic oligarchies of the Southern Cone and Central America on the tips of their bayonets.

With such an undesirable prospect in view, the decision of the Socialist International Latin American Committee, meeting in Caracas, is understandable, which is to spread the alert to the entire democratic world on Ronald Reagan's conceptions, especially those that appear to advocate military interventionism by his country in our America.

It is to deal with these dangers that insistence must be placed on seeking agreements in the Central American and Caribbean region that will enable the establishment of governments based on democratic solidarity but capable of realizing truly profound economic and social reforms under new formulas that, respecting freedom, arise from national realities and idiosyncracies.

Peace and stability must be consolidated in these areas of our America to respond to the challenges coming from the militarism and reaction of the Southern Cone that are trying to convert it into an antidemocratic citadel and to radiate its influence throughout the rest of Latin America. We are not weaving hypotheses; we are looking squarely at realities that it would be suicidal to ignore.

Best
Ceb John

LEFTIST YOUTH PROTEST COPEI POLICY ON UNIVERSITIES

Caracas TRIBUNA POPULAR in Spanish 12-18 Sep 80 p 11

[Article: "Statement by the Leftist Youth on the Situation at the Universities"]

[Text] The political youth organizations which form the Leftist Youth Commando have met to analyze the youth policies of the Social Christian government.

The youths of the MAS [Movement for Socialism], the MIR [Movement of the Revolutionary Left], the PCV [Venezuelan Communist Party], the MEP [People's Electoral Movement] and the LS [Socialist League] believe that the administration of the current government is leading to new failure in dealing with the problems of the country and of youth. It is a government characterized by its antipopular policy, inefficiency and opposition to progress. The problems of youth, far from being lessened have become worse; the country is suffering a serious crisis which is slowly turning growing popular discontent into indignation.

The leftist youth condemn the government's refusal to grant the national universities a fair budget to adequately meet their needs. There can be no other explanation for such a refusal than the green [COPEI] government's wish to economically strangle these educational institutions in oreder to assume full control over them later on.

This government is trying to impose on the people and the universities a "policy of austerity" which it does not practice. On the contrary, it wastes the country's resources and favors the greater enrichment of monopolies and the bourgeoisie. Examples of this are the fact that the official bureaucracy consumes more than 75 percent of the national budget, and the infamous policy of price decontrol. But, still not satisfied, it is trying to modify the statutes of the Investment Fund to devote greater resources to nonproductive expenditures.

While the COPEI [Social Christian Party] government has refused the national universities a fair budget, it has given economic aid to the criminal military Christian Democratic Junta which is crushing the Salvadoran people.

In this sense, the leftist youth resolutely support the "Taking of Caracas" which will be carried out by higher education students all over the country next 25 September and exhort all youths to actively participate in this mobilization.

Finally, the Leftist Youth Commando estimates that the youth situation is very serious, not only at the student level, but also in the labor, cultural and sports sectors, and for this reason unity of action of all the youth and progressive student organizations to defend their rights is now more necessary than ever.

MAS Youth, Felipe Mujica

MIR Socialist Youth, Makario Gonzalez

Communist Youth, Noel Sirit

MEP Socialist Youth, Jose Antonio Martinez

Socialist League, Edgar Ortiz

Caracas, 10 September 1980.

9341
CSO: 3010

EXPORTERS ASSOCIATION ANALYZES CARIBBEAN POLICIES

Caracas EL UNIVERSAL in Spanish 1 Sep 80 Sec 1 p 34

[Article by C. R. Chavez]

[Text] The Exporters Association makes a strong point for permanent contact with the Caribbean and establishes logical priorities to initiate a prosperous commercial relationship.

A trade service that has a positive goal is being launched between Venezuelan ports and the Caribbean islands from Trinidad to the Dominican Republic.

Venezuela can provide ongoing assistance to these many islands and subsequently enjoy an undeniable political advantage.

The Caribbean is one of the strong priority points in the new strategy launched by the Venezuelan Exporters Association [AVEX]. There are political, diplomatic and economic reasons which suggest the need for greater promotion in that direction. Venezuela already has an offer to export to the Lesser and Greater Caribbean areas, which could meet the demands of that region. And it is in the Caribbean, par excellence, where we can best test our exporting capabilities.

AVEX says that in Venezuela we have lacked overall understanding about the importance of this idea. Thus, we have failed to create the necessary means to make it feasible. In other words, we have lacked an overall coherent policy toward the region. Hence a series of mistakes have resulted. The most important of these is that we have tried to develop a series of promotional campaigns, without concerning ourselves with the infrastructure to carry them out. In this way, the exhibitions put on in the area, the commercial missions which often visit the region and the marketing studies which have been carried out, far from bringing about the expected results, have become, in a certain sense, harmful elements for Venezuelan business in the Caribbean. In fact, Venezuela is famous for offering and not delivering and for trying to solve many Caribbean problems by applying simple financial measures.

The reaction against this reality has gradually become another equally negative factor, expressed in the form of frustration, powerlessness and deliberate indifference. The Caribbean area is a market too limited for our country's development

policy or our industry's capacity. This is a fact about which we only change our minds when we believe that external political circumstances compel us to think about the need for a policy of reciprocal, overall and integral cooperation.

Taking all these problems into consideration, AVEX has been proposing to the various national governments a Caribbean policy whose main guidelines are the following:

1. The need for joint overall action.

For example, it is usually estimated that the solution to our commercial problems in the Caribbean lies in the creation of a "line of transportation" which, occasionally, according to demand, would arrive at the ports of the region. It is enough to point out that no transportation enterprise would be able to bear the excessive cost derived from a scattered, inorganic and scanty demand like the one originating in the Caribbean Islands, to realize that this is not the solution. Consequently, there is a need for another essential factor.

2. Consolidation of cargo in the ports.

The demand in the Caribbean, including the area from Cuba to Trinidad, and the islands of Sotavento and Barlovento, is altogether quite large, although it has the serious inconvenience that it is scattered. Consequently, there is a need to "consolidate" the cargo--the cargo leaving Venezuela for that area, as well as the cargo which would come to Venezuela, if we are thinking in terms of exchange.

Concerning Venezuela, AVEX has found the solution in the use of warehousing companies existing at all our important ports. This consolidation service will be furnished by Almacenadora Caracas, S.A. and by Depositos Industriales, S.A. in Puerto Cabello, La Guaira and Guanta.

In the Eastern Caribbean Islands (Grenada, St Vincent, St Lucia, Dominica, Antigua, Montserrat, St Christopher-Nevis-Anguilla, Barbuda) another consolidation and distribution center would be established. This is an elementary principle, since it is impractical to "touch down" island by island.

3. Establishment of a permanent sea line with a fixed itinerary.

With the cargo consolidated in the above-mentioned ports, a maritime unit in coastal traffic will pick up the cargo every 15 days in Puerto Cabello, La Guaira and Guanta. Its first stop in the Caribbean will be Trinidad and then St Lucia, where it will unload at the In-Bond Warehouse, which has already been contracted for with the government of that country. From there, the cargo will be distributed by ship to the islands.

Puerto Rico and the Virgin Islands, as well as the Dominican Republic, Haiti, Jamaica and Cuba will be served by other ships with the same 15-day frequency, according to the volume of demand in those islands.

Establishing a "permanent line of transportation" and consolidation centers is not enough; it is also necessary to create other conditions favorable to these mechanisms.

9341
CSO: 3010

END

# END OF FICHE

# DATE FILMED

24 Nov. 1980

D.D.